

EUROPEAN NEWS

Kevin Done, in Frankfurt, assesses a key state poll 'Red Hesse' turns Green

WHEN THE crunch came with the national elections last autumn, the Greens, West Germany's motley, noisy ecology movement, failed to make much headway against the established parties. But they proved last weekend in the state of Hesse in local elections the first test of electoral opinion in West Germany since the federal vote in October, that their earlier successes last year were far from just a passing phenomenon.

At a national level, the Greens probably have too many disparate elements to put together a coherent election programme that can trouble the existing parties. But Bonn must be noting with dismay the inroads the ecology and protest vote have achieved in Hesse.

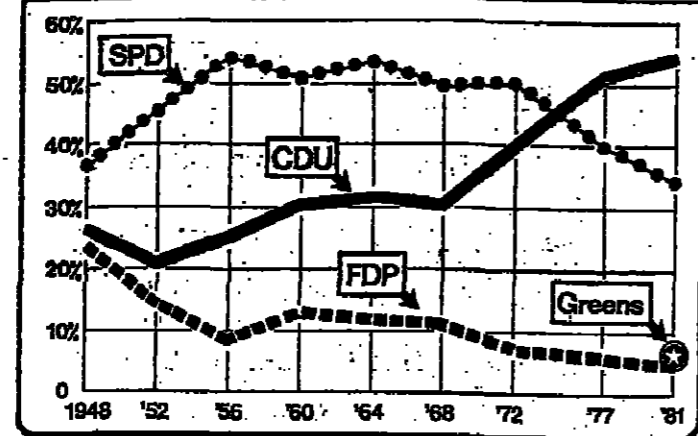
In the months since the general election, the ruling Social Democrat and Liberal Free Democrat coalition in Bonn has been increasingly assailed for failing to take a firm grip on West Germany's problems.

The reverse side of the confusion in Bonn, however, is the growing grass-roots opposition to almost any large construction, be it a nuclear power station, a new motorway, a railway line or an airport. The call at national level may be for a firm lead over issues of national interest. But where the decisions are to be implemented at local level, growing numbers of voters are showing they are unwilling to live next door to the reality of continuing economic growth.

The Social Democrat/Free Democrat Government in Hesse, led by Herr Holger Börner, the Social Democrat Prime Minister, has taken a strong stance in favour of developing nuclear power—in contrast to Bonn—and such other major projects as building another runway at Frankfurt Airport.

At the election on Sunday, he was left in no doubt of local voters' judgment of his policies. From a standing start, a citizens' list led chiefly by farmers took no less than 41 per cent of the vote in Volksmarsen in north Hesse, the favoured site for a nuclear reprocessing plant. In Mörfelden-Walldorf, the

How Frankfurt Voted..



locality most directly affected by the Frankfurt Airport runway, the Greens took over 25 per cent.

Herr Börner insisted bravely after the Social Democrats' election setbacks on Sunday: "I will not re-think our airport and nuclear policy. I cannot lead state politics on the basis of local protests." But the Greens' success is still a clear pointer to the resolute opposition building up locally in the Federal Republic to construction schemes which threaten a

At Volksmarsen, the favoured site for a nuclear reprocessing plant, a citizens' list took 41 per cent of the vote.

part of the environment, but are none the less vital to economic growth.

Judged by the impact of the anti-nuclear movement over the past 10 years, the latest protest votes are hardly encouraging for the policy planners in Bonn, for at a local level at least the Greens can win support across the voting spectrum—in all age groups—uniting conservatives and radicals who are both equally reluctant to see their regions transformed by massive construction.

The trend is particularly worrying for the Social Democrats. For all the post-war period until the mid-1970s, Hesse, and particularly Frankfurt, were symbols of Social Democrat power and the sway they held in the major corporations of the country. In 1977, however, after a series of scandals caused perhaps as much as anything else by the arrogance that came from running local affairs for more than 25 years, the Social Democrats suffered major setbacks.

From holding 50.1 per cent of the votes in Frankfurt they

slumped to 39.9 per cent in 1977, as many traditional voters finally signalled their disgust by simply staying at home.

The Christian Democrats, the last time round, also turned up a trump card in their candidate for Lord Mayor in Frankfurt, Dr. Walter Wallmann, a lawyer who, before he came to Frankfurt, was making a name for himself in federal politics in Bonn. He first came to national prominence as chairman of the parliamentary committee investigating the background to the 'Spy in the Chancellery', the East German spy Herr Günther Guillaume, whose discovery brought about the downfall of the then Chancellor, Herr Willy Brandt.

Herr Wallmann in his four years as Lord Mayor, and much to the amazement of the Social Democrats, has built up something of a personality cult in the former Social Democrat citadel, running the city's affairs almost across party lines. Instead of suffering some small losses after the landslide victory of 1977, Herr Wallmann actually increased the Christian Democrats' absolute majority in Frankfurt to 54.2 per cent. The Free Democrats were shouldered aside by the Greens, failing to meet the minimum 5 per cent barrier needed for representation in the parliament, and the Social Democrats slumped even further to only 34 per cent of the popular vote in Frankfurt.

The Social Democrats are still hanging on to their coalition at state level with the Free Democrats, but Hesse hardly qualifies any more for its old name of "Red Hesse." One disgruntled, traditional Social Democrat voter in the city, who voted for the Greens on Sunday, observed: "You want to vote for the Social Democrats but you cannot recognise it any more. You don't know clearly what it stands for. Is it for nuclear power, or against, for arms deals with Saudi Arabia or against?"

Turks look for bigger loans from West

ANKARA—Turkey and its main Western creditors meet in Paris today to work out how much the country needs in foreign loans to finance its economic revival programme for 1981.

Officials in Ankara said Turkey hoped to persuade fellow members of the Organisation for Economic Co-operation and Development (OECD) to provide more than the \$1.16bn agreed last year. Initial estimates at the beginning of this year indicated Turkey would need \$2.5bn in fresh foreign loans to supplement workers' remittances and tourism revenue and bridge a forecast trade gap of more than \$5bn. However, encouraging export figures and remittances totals have persuaded economic planners in Ankara to revise the borrowing needs downwards.

Latest official estimates suggest Turkey will need less than \$1.7bn.

Marked improvement

The country already has foreign debts amounting to some \$16bn. Major Western banks agreed earlier this year to reschedule \$3.25bn of old debts, giving Turkey an extra two years until repayments begin in 1984.

Turkey's delegation to the Paris talks, led by Mr. Yildirim Akturk, head of the state planning organisation, will have some good news for Western creditors. Latest figures showed inflation dropped to below 50 per cent last year for the first time in more than two years. There has also been a marked improvement in exports, particularly since the military took power.

The United States has already promised \$300m in civilian aid, plus a \$95m Eximbank loan. West Germany has been urged to match the U.S. total by a Washington Administration increasingly concerned about its NATO ally.

OECD loans this year will be arranged by the organisation's Paris secretariat. In the past two years West Germany has co-ordinated the aid, but Bonn diplomatic sources here said such a role was no longer needed as the mechanism was firmly established.

GENERAL STRIKE CALLED IN POLAND

Union and Government on the brink

BY CHRISTOPHER ROBINSON IN WARSAW

SOLIDARITY, Poland's independent union, and the Government have once again reached the brink of the precipice. Yesterday, the union leadership voted to hold a nationwide four-hour stoppage on Friday and follow this up with a general strike next Tuesday.

The authorities have warned that the strikes could end in bloodshed and the way now lies open to a serious conflict. In the five days since plainclothes police beat up Mr. Jan Rulewski, head of the union's branch in Bydgoszcz, the uneasy truce between the union and General Wojciech Jaruzelski's government has threatened to turn into open war.

Fearing that the authorities may try to pre-empt the strikes and declare a state of emergency, the union's leaders have told their regional committees to move into large factories for safety. It is widely believed that the assault on Mr. Rulewski and two other union activists, as they and other Solidarity officials were being ejected from the local council chamber in Bydgoszcz, was designed to provoke a union outburst. Hardliners in the party leadership, it is thought, took advantage of the incident, which happened while Warsaw Pact manoeuvres were taking place, to try to throw the country into chaos. There is an important rail junction at Nowogrod, near Bydgoszcz, and many consider that the aim was to provoke the union into an immediate stoppage, closing

down the junction and thus potentially disrupting the exercises.

In an open letter on Monday to rank-and-file party members, Mr. Stefan Bratkowski, head of the Journalists' Union, said: "Our hardliners have no programme other than confrontation and disinformation." He urged Communist Party members to speak up, adding that "the present crisis is the last chance for those who want the party to abandon its policy of seeking agreement with the people for those who are leading the State and society to catastrophe."

Hardliners appear to be in the ascendant in the party leadership. What is not clear is whether they think they can maintain control with the forces at their disposal inside the country, or whether they are aiming to provoke an intervention by the Soviet Union.

The present political policy of opposing the union call for a strike, and telling party members who are also in Solidarity not to take part, risks a major split in the party. There could be large-scale desertions, especially in big factories, when the general strike takes place. On the other hand, if the hardliners see Soviet armed help as the ultimate aim then such a disintegration of the party is not of great importance.

Although Solidarity is aware that the incidents in Bydgoszcz were probably a deliberate provocation, the beating hit too many raw nerves for the union to be able to pass it over. At the national committee meeting on Monday night, it was Mr. Lech Walesa, himself no militant, who proposed the strike programme which was later accepted. Radicals in the union wanted to bring the country to a standstill even sooner.

There has been too much harassment of union activists by

the security police in recent months for the union not to try to gain assurances once and for all that the police will conform to the rule of law. Another continuing demand is for the Government to recognise rights of private farmers to their own union.

The scene is now set for a full-scale confrontation.

A question mark hangs over the likely actions of moderates in the party leadership. In an open letter, Mr. Bratkowski said that Mr. Stanislaw Kania, a party leader, Gen. Jaruzelski and Mr. Kazimierz Barcikowski, a politburo member, are able to win the acceptance of a national far-reaching policy of agreement with all sectors of society.

Today's talks between Solidarity and the Government in Warsaw will provide an indication of whether the hard line will continue to be pursued. The union leadership received indications on Monday evening from the moderates in the Communist Party that there was some chance of a compromise if a general strike date were put as long as possible.

Party moderates now have week either to push a compromise past the hard-line pamphlets to get the enough strength to call a central committee meeting and eject the from the leadership.

Over the past six months, number of conflicts have been amicably resolved. The next few days will show whether it again is possible.

French study urges curb on textile imports

BY TERRY DODSWORTH IN PARIS

STRONG MEASURES to curb textile imports in France, while raising the level of investment in the industry, were advocated yesterday by a parliamentary commission which has been investigating the escalating crisis in this sector.

Although the commission's report failed to attract unanimous all-party support, its weighty list of 99 recommendations will undoubtedly add to the pressure for assistance which the industry itself has recently been exerting on the Government.

This pressure has already led the Government to adopt a much more interventionist policy over the past few months.

But the commission, led by Mr. Philippe Seguin, a Gaullist member of the ruling majority, would like the Government to go even further to shore up the industry, currently losing jobs at the rate of about 30,000 a year.

The report comes after a long period in which the French authorities have seemed prepared to let textile production run down in the face of low-cost imports. In recent years, the industry Ministry has been more intent on fostering new, high-technology sectors, while advocating much more specialisation on high quality products for the French textile companies.

This attitude is strongly attacked by the Commission, which argues that France should and can support a widely-based textile industry as long as it is allowed to operate on a fair competitive basis.

To some degree, the Government has already taken account of a number of these criticisms in a change of tactics that have led to measures to support investment, help exports and curb imports which are fraudulently marked to avoid international quota restrictions.

The commission would now like the Government to go further by adopting a tough attitude at the forthcoming multilateral talks with a view to

tightening up on imports. It believes that quotas should be tied more closely to consumption, which went into a 2-1 cent decline in France last year.

In addition, the report advocates the creation of agency to channel the available aid to the industry, along with the application of special redundancy measures to all workers to retire early at the age of 55 with 70 per cent normal salary.

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Official communiqué

GOLD FIXING IN LUXEMBOURG

Considering the information and advertisements published in the international press on the occasion of the opening of a gold market on the Luxembourg stock exchange, the Luxembourg stock exchange wishes to confirm that the gold fixing is organised under its control, with the cooperation, as from the start and on equal terms, of the following 18 officially registered institutions:

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Banque Internationale a Luxembourg, S.A.

Banque de Luxembourg, S.A.

Banque Nationale de Paris (Luxembourg), S.A.

Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg, S.A.

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Kreditbank S.A. Luxembourgeoise

Société Européenne de Banques, S.A.

Société Générale Alsacienne de Banque

Trade Development Bank (Luxembourg), S.A.

Spain's King warns generals of further coup dangers

BY ROBERT GRAHAM IN MADRID

KING JUAN CARLOS yesterday warned the commanders of his armed forces against the danger of another bloody coup. At the same time, he said the voice of the military would be heard.

The King's warning came in an unprecedented meeting at the Royal Palace of the commanders of the three services in the armed forces plus Sr. Leopoldo Calvo Sotelo, the Prime Minister, and Sr. Alberto Oliart, the Defence Minister.

The meeting following the announcement on Monday night of tougher measures to combat Basque terrorism involving a far greater presence of, and control by, the armed forces was a first sign of the tougher drive against terrorism was a large-scale round-up of local

councillors in the Basque country who are members of the radical grouping Herri Batasuna—widely regarded as a front for the hard-line military wing in the militant separatist organisation, ETA.

The meeting of the generals with the King was preceded in the previous two days by two special sessions of those members of the cabinet directly concerned with terrorism and a separate meeting of the joint chiefs of staff.

Present were 21 Army generals, including the captain general of the military regions, 12 admirals of the Navy and 9 Air Force generals. The last time something similar to this meeting was held was in September 1976, when Sr. Adolfo Suarez, the then Prime

Minister, outlined his plans for political reform.

The initial part of the 75-minute meeting was taken up by the King's speech. After thanking the armed forces for their loyalty during the abortive coup of February 23, the King's statement was a carefully-nuanced warning to both

the army and politicians. He insisted that the armed forces deserved all possible respect. However, he also made it plain that the military must observe the law and could not seek change through force because this would provoke a bloody confrontation. It is not clear yet whether

Monday's measures to combat a new wave of ETA assassinations aimed at provoking the armed forces have appeased the military.

The measures include regular army units to police the frontiers and to help in intelligence operations; a boosting of the size of the 15,000 strong contingent of para-military security forces in the Basque country; a central command under the Ministry of the Interior with assistance from the armed forces to combat terrorism; and the speeding of laws increasing the scope of existing criminal legislation plus the submission to parliament of a law defining how and when three "states of exception"—alarm, emergency and siege—can be introduced. These measures cannot all

take place immediately. But an indication of the greater freedom of action the authorities intend to employ was the detention of up to 30 members of Herri Batasuna. More such arrests for questioning under the 10-day anti-terrorism law are expected.

Moderate Basque politicians have given a cautious welcome to the measures because there has been a widespread fear that a state of emergency would be declared.

This is the last card up the Government's sleeve, which it is not yet willing to play. Nevertheless, with more attacks anticipated from ETA against army officers, it is considered a strong possibility that the government will be obliged to introduce this.

Big rises in Italian domestic interest rates expected

BY RUPERT CORNWELL IN ROME

STEEP INCREASES in key Italian domestic lending rates were expected last night, as general dissatisfaction with Sunday's deflationary economic package continued to cast a long shadow over the country's political and social stability.

The prime lending rate to industry is certain to rise from its present level of 21 per cent. But it remained unclear whether the banks association would seek to pass on an increase smaller than the 2.5 percentage point jump in bank rate (to 19 per cent) decided by the Government at the weekend.

For smaller borrowers, and some personal lending operations, interest rates could be pushed close to 30 per cent, a level never before touched in post-war Italy.

Despite the severity of the package, and a comparatively steady session for the lira again yesterday, many experts believe that unless action comes swiftly on the intimidated L5,000bn

Attempts to agree areas for cuts, moreover, could provoke dangerous new tensions in Sig. Arnaldo Forlani's four-party coalition, which has already shown itself to be one of the weakest and most divided governments of recent years. All that seemed likely last night was that Cabinet approval would be given for measures to help industrial sectors in crisis, notably steel.

W. German police seize imported Nazi material

BY ROGER BOYES IN BONN

WEST GERMAN police raided over a thousand flats and houses yesterday in an attempt to stamp out the distribution of neo-Nazi literature.

The raids, co-ordinated by the Frankfurt Prosecutor's Office and the Federal Criminal Investigation Agency, were aimed specifically at magazines and tape recordings glorifying the Hitler regime which were imported from the U.S. and Canada.

Police said the action was sparked off by investigations concerning two extreme right-wing Germans who emigrated about 30 years ago to the U.S. and Canada and set up a worldwide distribution centre for such material.

The action also reflects concern about the possible polarisation of disaffected youth groups. A recent survey commissioned by the Government found that 13 per cent of the electorate held extreme right-wing views.

EEC summit urges new measures to fight unemployment

BY GILES MERRITT IN MAASTRICHT

EEC MEMBER governments will work on new joint policies to tackle unemployment in the Community following the Maastricht summit.

But Community leaders made it clear that there was no ready solution to the increasing numbers of jobless. Mrs. Margaret Thatcher, the British Prime Minister, commented at the close of the talks that there was no "magic wand."

The summit's examination of the economic and social situation has led to a fresh political directive encouraging member governments and the European Commission to come up with new ideas for tackling unemployment, which averages 7.5 per cent in the EEC.

The heads of government have underlined the need for a "jumbo" EEC Council of Ministers meeting grouping the finance industry and labour ministers of the Ten. The European Council called for such a meeting to tackle employment when it last met in Luxembourg at the end of 1980.

That the jumbo council grouping up to 30 ministers is still uncheduled reflects the

scepticism felt by a number of member states as to its real usefulness. Mrs. Thatcher is understood to have cast doubt on its likely effectiveness during the Maastricht talks. The UK is also emphasising that the jumbo council on unemployment should be held during the Dutch presidency of the Council which runs until June 30 as the scheme was originally inspired by the Hague government.

In what seems a muted rebuke to the Brussels Commission for its failure to prepare any analysis of the unemployment crisis, the heads of government also urged a "thorough preparation" of the jumbo council as a matter of the highest importance.

At a more strategic level, the EEC leaders agreed a commitment to shift spending from consumption to productive investment. In a communique issued after the summit they stated that any lasting improvement in employment levels would depend on a "structural reinforcement of the European economy through cost restraint and a rise in productive investments and productivity."



The ten European heads of government pose for a group photograph at the end of the Maastricht summit. With them are their Foreign Ministers and some European Commission members

Poles seek extra aid from Community

By John Wyles in Maastricht

EEC GOVERNMENTS yesterday issued a fresh warning to the USSR against any military intervention in Poland, and revealed for the first time that Warsaw has made new requests for cut-price food supplies and for \$1bn of special financial help.

In a declaration reminding the Soviets of the tough "hands off Poland" statement they issued in December, the ten Heads of Government undertook to continue trying to help the Polish economic recovery "within the limits of their means."

The Ten said that Poland had just launched a new application for food supplies, which they promised would be handled "as a matter of urgency."

It comes at a time when the Community is just completing deliveries of large quantities of meat, dairy products and vegetable oils, whose sale has been subsidised to the tune of £210m by the EEC budget.

After yesterday's meeting, Lord Carrington, the British Foreign Secretary, disclosed that the Poles would need another \$1bn to tide them over till July.

This is the first public reference to the amount Warsaw needs to help service its debt during current negotiations with Western creditor countries on rescheduling \$4.4bn of Government-backed loans.

These negotiations resume in Paris next month, and it is believed that the bridging finance will be made available as it underpins the debt talks. A similar amount has already been provided to cover Polish needs during the first quarter of this year.

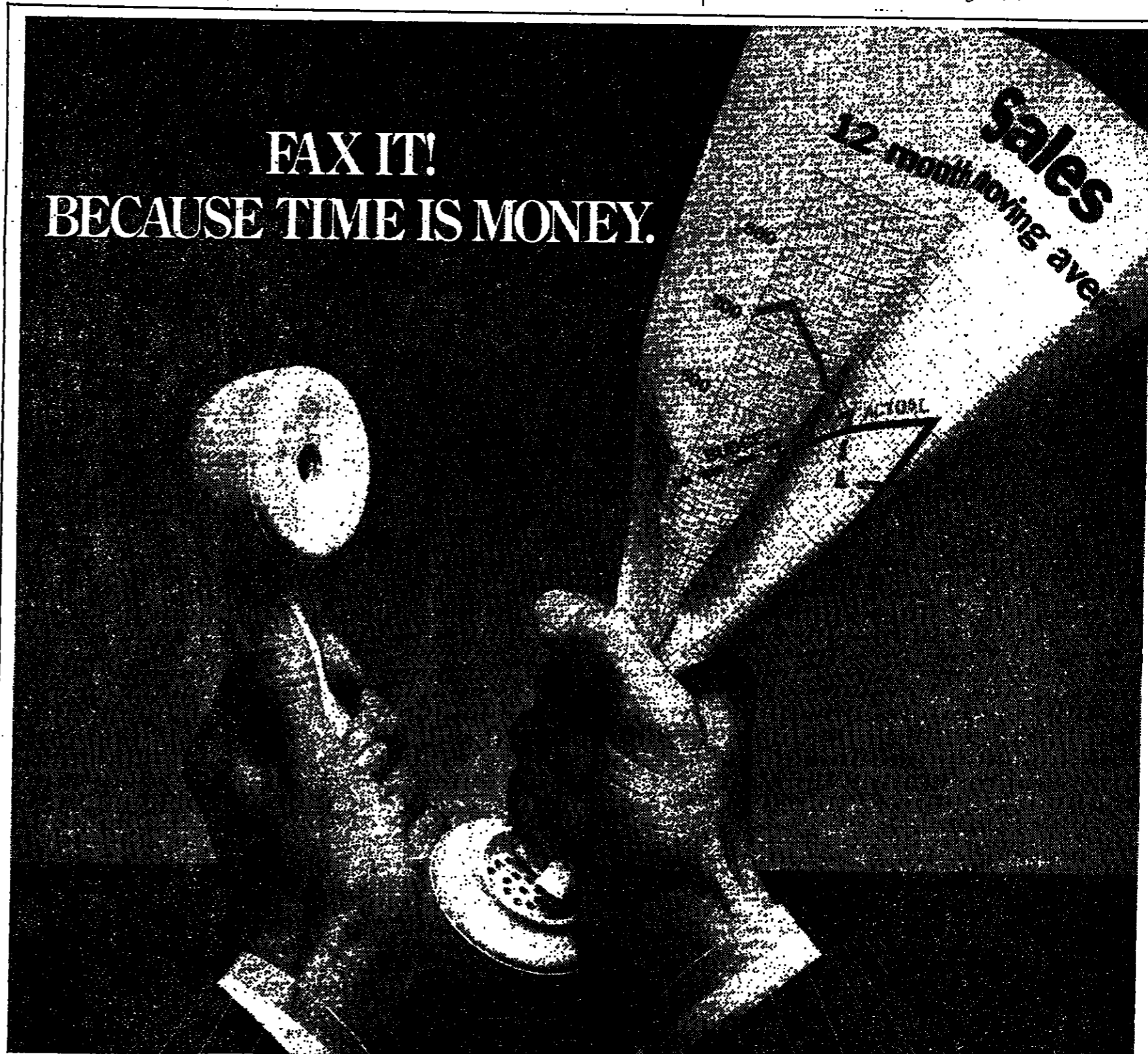
But the summit discussions revealed two new elements in the Ten's thinking. They stressed in their statement the need for continuing broadly-based international economic support for Poland, and they signalled that they would try to involve the U.S., Japan, and other countries in mounting the next food-aid programme.

In addition Chancellor Helmut Schmidt of West Germany suggested, significantly, that some conditions might have to be attached to any further Western credits offered to Warsaw in response to its request earlier this month for another \$3.4bn.

Although the Chancellor did not spell out his ideas, he is believed to have implied that the West cannot go on pouring money into Poland without securing stronger prospects of an improving economic performance.

The Heads of Government were generally agreed on the need to give the Reagan Administration more time to develop its positions on arms control and the Middle East. They also broadly shared the conviction displayed by Chancellor Schmidt that the U.S. would begin negotiations this summer with the Soviet Union on reducing medium-range nuclear weapons in Europe.

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OVERSEAS NEWS

HOW THE IMF WROTE AN ELECTION MANIFESTO

New Zealand's glimmer of light

BY COLIN CHAPMAN, RECENTLY IN WELLINGTON, NEW ZEALAND

THE POSTBAGS arriving at the office of Mr. Robert Muldoon, New Zealand's Prime Minister, have been more than usually heavy recently. The extra post has come not from those delighted with the Government's recent victory over the unions, although there have been plenty of letters about that, but from unhappy children and cross parents, upset because the Prime Minister recently said in public that the Tooth Fairy does not exist.

The Tooth Fairy, said Mr. Muldoon, is like New Zealand's middle-of-the-road Social Credit Party. Everyone knows there is no such thing, he said. It is just your parents popping money under your pillow.

Social Credit's success at the opinion polls, and in winning one by-election seat from the ruling National Party, is an indication of New Zealand's disillusionment with the traditional parties, and there is a chance that many Labour Party voters will abandon what might be seen as a lost cause and support it as an anti-Muldoon vote. That is why the Prime Minister reserves much of his venom for Social Credit at the "party of the Tooth Fairy."

The Social Credit Party has enjoyed a rapid rise in popularity, particularly among the young, who find attractions in the philosophy which opposes big business, particularly the multinationals, and says it wants to foster individualism.

One year ago, voters seemed virtually certain to turn the ruling National Party out of office in the next elections, due before November. Mr. Muldoon can now look forward to a third term with some confidence.

Mr. Muldoon has some important cards to play. The first will be the release of a report by the International Monetary Fund. Another will be a significant reduction in taxes as a trade-off in exchange for unions agreeing to moderate



Glyn Goss

A year ago, the ruling National Party of Mr. Robert Muldoon, left, seemed virtually certain to lose office in this year's election. The Prime Minister can now look forward to a third term in office with some confidence.

wage claims to match the tax cut.

For five elections now politicians have promised that the longest and deepest recession in New Zealand's history will come to an end, but each time conditions have worsened and only the emigration of 100,000 mainly young people across the Tasman Sea to Australia has kept unemployment down to under 5 per cent.

There is now good reason to believe that the gloom that has shrouded the two islands of New Zealand has lifted, for good. "There is now definitely light at the end of the tunnel," says Mr. Ian Douglas, director-general of the New Zealand Manufacturers' Federation.

"The last 10 to 15 years have been a real purgative period, squeezing out of the system a number of inefficiencies. But our future is going to be strong and we are not looking that many years ahead." The rate of inflation is

running at about 17 per cent, and with New Zealand workers compensated each year — not by inflation but by custom — there is a need to bring the rate down if exports are to remain competitive.

Mr. Muldoon reached agreement in principle with the Federation of Labour and the Employers' Organisation to his tax proposals at a meeting last month.

The Government seems to have rejected, at least for the present, the prospect of raising indirect taxes to pay for the forthcoming tax cuts.

The International Monetary Fund sent a team to New Zealand in December. Its report is now with the Prime Minister, pending publication. "In the last 18 months, underlying economic conditions in New Zealand have improved significantly," the fund said, crediting the success as "a direct result of the policies the authorities put in place in mid-

1979 which have helped restore a more stable financial environment while at the same time giving a strong new impetus to the strategy of structural adjustment which has been pursued since the mid-1970s."

The Fund noted that the government deficit was reduced from 8 per cent of gross domestic product in 1978-79 to 5 per cent in 1979-80, and was particularly complimentary about manufacturing industry's performance. "The international competitiveness of the manufacturing sector has strengthened, its export performance has been impressive overall, both in terms of product and market diversification. The shift of resources to an export base has proceeded at a remarkably rapid pace, considering the depressed state of the world economy, and we expect real gross domestic product to grow at a respectable rate despite the weakness of domestic demand."

The Fund concluded with references to New Zealand's resources boom, which is on a small scale compared with Australia's but which will have a dramatic effect on the country's chronic balance of payments problems by the middle of the decade. "The ambitious energy-based investment programme now under way will soon begin to create a stimulative effect on economic activity. Along with continued investment in agriculture and further progress towards restructuring it should enable a rate of economic growth (over the current decade) sufficient to reduce substantially the level of unemployment."

The Fund appears to have written Mr. Muldoon's election manifesto, and with his hand strengthened by successfully turning the series of strikes a few weeks ago into a law and order issue, the Opposition will find it hard to unseat him.

'Bomb blast' at Tehran headquarters

AN EXPLOSION damaged part of the headquarters of Iran's revolutionary committees early yesterday, but there were no reports of casualties. Reuter reports from Tehran.

A policeman outside the building said a bomb caused the blast but the official Pars News Agency blamed an electrical short circuit.

The heat of the explosion detonated ammunition stored in the building, causing a further series of blasts heard over much of central Tehran.

One wing of the headquarters in an office block adjoining the former chamber of the Majlis (Parliament), was blackened by smoke and appeared gutted.

Sentenced to death

Four Mauritanian officers accused of taking part in an abortive coup in Nouakchott eight days ago were yesterday sentenced to death by a special court. Reuter reports President Mohamed Khouni Ould Haidalla has 24 hours in which he can commute the death sentences.

Rebels take firearms

Heavily-armed Communist rebels raided a southern Philippine town, seized more than 25 hostages and used them to strip the mayor and the town policemen of their firearms without firing a shot, the military said yesterday. Reuter reports from Manila.

Indonesia arrests

A total of 42 persons including members of the armed forces, students, and several Moslem militants have been arrested on charges of killing three policemen and injuring one during an attack on a police station in the West Java capital of Bandung on March 11, military officials here said yesterday. AP reports from Jakarta.

World Bank responds well to India's loan request

BY K. K. SHARMA IN NEW DELHI AND DAVID DODWELL IN LONDON

MR. ROBERT McNAMARA, the outgoing World Bank president, yesterday responded "positively" to Indian demands for a substantial increase in loans, according to government officials in New Delhi.

However, any increase is likely to come from the World Bank's ordinary capital resources, which carry an 8 per cent interest rate, rather than from the interest-free funds of the International Development Association (IDA), which India has used heavily in the past.

The World Bank assurance comes at a critical time for India. Worries over the widening balance of payments deficit have prompted government officials in Delhi to plan a heavy programme of commercial borrowing.

They are also considering for the first time in 14 years breaking a gentlemen's agreement with the Asian Development Bank, Asia's leading multilateral aid donor, not to approach the ADB for funds.

The ADB, with a capital base of about \$10bn (£4.5bn) compared with \$40bn at the World Bank, and a lending programme about one-tenth the size of the World Bank's \$12bn commitments in 1980, faces an unprecedented crisis if India presses ahead with its demand for loans.

India is one of the largest borrowers from the World

Bank. There has been increasing concern in Delhi recently that its own rising need for funds—to provide external finance for a number of large projects under the current five-year plan, and to help bridge the balance of payments gap—comes at a time of increasing difficulties for the World Bank.

The attitude of the new Reagan administration in Washington to multilateral aid programmes has aroused fears that the U.S.—the main source of World Bank funds—will cut back on commitments, so starving the Bank resources.

In addition, China has recently won membership of the World Bank and is likely to make heavy demands on the bank's shrinking resources, particularly those in the concessional IDA fund.

As the World Bank's leading borrowers, receiving loans worth \$5.25bn over the life of the bank, India expected to suffer as resources were diverted to aid China's development.

While Mr. McNamara is understood to have told Mr. R. Venkataraman, India's Finance Minister, that larger proportion of funds will in future have to come from the Bank's interest-bearing ordinary funds, the suggestion that there will be no cutback comes as good news, since this reduces the sum India will have to borrow at higher cost on the world commercial

markets. "Mr. Prakash Chand Sethi, India's Petroleum and Fertiliser Minister, told Mr. McNamara, who arrived here yesterday on a week's visit, that India needed cash to develop its oil industry by 1986 at a cost of \$1bn and to set up six large fertiliser plants under the 1981-85 plan.

The scale of India's borrowing needs, and worries that these needs would have to be met through expensive commercial loans, prompted India last month to inform the Asian Development Bank, of which it is a founder member, that it planned to borrow from ADB funds.

"This would break a gentlemen's agreement of 14 years' standing whereby India agreed not to exploit its right to borrow from the fund. It was felt that India's needs were so great, and the ADB's funds so small, that Indian borrowing would seriously undermine the ADB's worth to other borrowers in Asia.

However, if India presses ahead with its demand for funds, ADB spokesmen in Manila say they have no formal right to refuse. It would create a crisis, however, since the extra demand for funds would come at a time when the ADB faces serious difficulties (not unlike those of the World Bank) in replenishing its source of concessional funds, the Asian Development Fund.

South Africa banks raise prime overdraft rates

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S major commercial banks raised their prime overdraft rates yesterday, the third increase so far this year. Prime rate stood at 9.5 per cent at the beginning of January.

In Pretoria, the Department of Statistics said that the inflation rate, measured by the consumer price index, rose by 16 per cent in the year to February, following a 15.8 per cent increase in calendar 1980. Food prices alone rose by more than 30 per cent in the year to February.

Mr. Bob Aldworth, managing director of Barclays Bank, the country's largest banking group, said the higher lending rates reflect the rising cost of banks' funds. The rate on one-year deposits is at present between 13 and 14 per cent, compared with 10.5 per cent at the beginning of the year.

Interest rates have risen at a record pace in the past nine months. The reasons for the spiral include the rising inflation rate, increased demand for

credit from corporate borrowers and the dampening effect on liquidity of the weaker gold price. Furthermore, building societies have been battling to fund mortgage commitments, thereby fueling the scramble for deposits.

Higher interest rates are expected to contribute to the expected slowdown in South Africa's growth rate from 8 per cent in real terms in 1980 to between 4 and 5 per cent this year.

In terms of an agreement with the Reserve Bank, the commercial banks must keep their prime overdraft rates in a band 2.5-3.5 per cent above official Bank rate. With Bank rate at 8 per cent, any further increase in prime rate will require an upward adjustment to the Reserve Bank's discount rate.

The banks were given permission last month to charge a maximum of 24 per cent on their overdrafts, compared with the previous maximum of 14 per cent for the poorest risks.

New Zimbabwe aid pledges

BY OUR FOREIGN STAFF

PLEDGES MADE by Western countries at the five-day Zimbabwe Conference on a Reconstruction and Development (Zimreco) in London, bring to \$750m (£332m) the aid Zimbabwe has been promised during the 11 months since independence. Government officials said yesterday.

The country is seeking \$2bn to finance rural reorganisation. An extra \$25m British aid for 1981-83 was confirmed yesterday bringing the UK total to £140m. The U.S. contribution of \$75m for 1982 was also confirmed. Similar amounts are to be sought from the U.S. for the

two following years. Western diplomats have forecast that by the end of the conference Zimbabwe will have won pledges of over US\$1bn in aid.

It wants money for land reform since at present about 5,200 white farmers own most of the best land. But not all the pledges of aid were for this purpose.

Mr. Jan-Erik Wiestrom, Sweden's Minister of Education, said Sweden would provide \$22.5m in fiscal 1981-82 and the figures for the following two years were "likely to be of at least the same magnitude."

Pretoria ends trade agreement

By Bernard Simon in Johannesburg

SOUTH AFRICA is to terminate its 17-year-old preferential trade agreement with Zimbabwe. Dr. Dawie de Villiers, the Minister of Industries and Commerce, said yesterday. The agreement provides for a one-year period of notice.

Dr. de Villiers said that the "special circumstances" which had justified the agreement in the past "no longer exist" and that "the time has come to terminate the agreement."

Observers here consider it likely that the Salisbury government's apparent eagerness to loosen its commercial links with South Africa contributed to the decision.

The agreement, signed in 1964 before Rhodesia's Unilateral Declaration of Independence, is generally considered to have been of far greater benefit to Zimbabwe than to South Africa. In broad terms, it provides for the suspension of import and export controls on trade between the two countries. It also provides for a number of preferential customs duties.

During the sanctions years, the agreement was a frequent source of irritation to South African businessmen, who accused their Rhodesian counterparts of using it to undercut locally produced items, notably clothing, footwear, radios and pharmaceuticals.

As a result of their complaints, the authorities in Pretoria imposed import quotas on a number of Rhodesian products. Nonetheless, the agreement is credited with keeping several vital Rhodesian industries alive, and nurturing others, in the face of international sanctions.

ISRAEL ELECTION CAMPAIGN

Likud stages West Bank tours

BY DAVID LENNON IN JERUSALEM

THE RULING Likud Party plans to bring 300,000 Israelis on tours of the Jewish settlements on the occupied West Bank in the next three months as part of its election campaign.

Mr. Ariel Sharon, the Minister in Charge of Settlements, said here that he thought up the idea "because it is important that people see for themselves the settlements the Likud built, and not just sit at home in their living rooms eating little sandwiches."

Thousands of Israelis have already visited the settlements within the framework of the pre-election play popularly referred to as "Sharon tours," and yesterday the Press tour buses kept crossing the path of a string of buses carrying university students to visit the settlements.

Mr. Sharon, who has been the driving force behind the Likud's controversial West Bank settlement programme, said he wants to show people that "the Likud has kept its promise to settle all of the West Bank." He said that by the polling date on June 30, there will be 85 settlements on the West Bank with over 20,000 people living in them.

Mr. Sharon said the tour he organised yesterday for foreign journalists based in Israel was also "part of the election campaign." He snarped constantly at the opposition Labour Party proposal to trade part of the West Bank for a peace agreement.

"We heard of Labour's Jordan



Building proceeds at one of the 85 settlements "on the map."

option, now they talk about a Sandi option, and I suppose that next we will hear about an Ottoman option," he said. "These settlers are not going to leave. We are on the map, there is nothing to do, we are on the map."

The minister said he doubted that the Labour Party would really be able to give up any part of the West Bank or dismantle any settlements. "If they tried to pull down any of the settlements hundreds of thousands of people would demonstrate against it," he said.

The settlements had been built to prevent the creation of a Palestinian state on the West Bank, which Mr. Sharon said would certainly become another

Soviet foothold in the region. Stressing that there could be no recreation of the border between Israel and the West Bank, the minister said that "the borders have now become simply ethnic lines between Jewish and Arab populated strips of territory in the land of Israel."

Isahn Hijazi writes from Beirut: Three Lebanese were killed and five other members of the same family were wounded when their house was blown up by an Israeli force which crossed the border into Southern Lebanon yesterday. The force blew up three other houses in the village of Al Tira, about four miles north of the Israeli border.

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Reagan budget deficit for 1982 'underestimated'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE REAGAN Administration has underestimated the size of the budget deficit in the 1982 fiscal year, beginning in October, by nearly 50 per cent, according to the Congressional Budget Office.

The office—the legislature's own economic research agency—will today present its projections that the federal deficit will reach \$87bn, \$22bn more than forecast by the Administration in its revised budget.

In the current fiscal year, the shortfall will reach \$63bn, \$8bn more than the Government expects, while in 1984, by which year President Reagan has promised a small surplus, the deficit could be as high as \$49bn, in the congressional office's view.

Last week, when word of the office's thinking first began to emerge, President Reagan denounced its analysis as "phony" and based on outmoded, fallacious economic theory.

But other, independent forecasters have doubted the economic assumptions underpinning the President's economic package. Specifically, they tend to believe the Administration overestimates the likely decline in inflation, interest rates and unemployment in the year ahead.

The projected budgetary figures drawn up by the congressional office contend that the Administration is likely to overspend by as much as \$15bn in the 1982 fiscal year. It also implies that its revenue estimates are on the high side, though by a smaller amount.

Meanwhile the President has indicated his support for another controversial proposition—that Congress pass legislation permitting the employment of teenagers at below the federal minimum wage, currently \$3.35 per hour.

The point of this is to alleviate teenage unemployment, running at nearly 20 per cent nationally and at 35 per cent among non-white young people.

Conservatives have long opposed the minimum wage, principally on the grounds that it hinders productivity. But organised labour, already concerned that the President's proposal to make certain welfare recipients work in public service jobs to qualify for benefits would undermine established pay structures, is aghast at the idea.

Labour believes that instituting a special teenage minimum wage would give the green light to the service sector, above all the growing and generally non-unionised fast food industry, to get rid of older employees and replace them with teenagers in jobs where minimal skills are involved.

El Salvador's civil war and the illusions of bloodshed

BY HUGH O'SHAUGHNESSY IN EL SALVADOR



President Napoleon Duarte

"I DON'T remember the exact figures for the foreign debt but we could borrow 10, 20, 30 times more than we have borrowed already," Sr. Jose Napoleon Duarte, leader of one of El Salvador's Christian Democrat factions, and since December 13 President of the country, exudes confidence. As a helicopter buzzed low overhead he said quickly, almost as an afterthought: "Provided" exports keep growing normally.

The same confidence is to be found elsewhere. A senior visitor from Washington said confidently: "We'll have the security problem licked in six months or so. Then we'll have elections, perhaps on October 11—the British with their fine experience in Zimbabwe could have a wonderful role in the international supervision team."

Meanwhile, we'll be pumping in military supplies and money to keep the economy afloat and the private sector encouraged. The extreme right which has caused trouble in the past won't be able to disrupt the elections, the right-wing extremists are perfectly controllable, and they will be controlled."

To judge from his remarks, the social crisis through which this smallest country on the American continent has been passing for more than 50 years will be well on the way to being cleared up by mid-year. By then, the left will be in disarray, the moderates strengthened, and President Ronald Reagan proved totally right in his policy of putting a swift end to Russian and Cuban

challenges to Washington's ultimate right to determine the course of events in its own backyard.

All would seem set for this small, densely populated and mountainous country—the size of Wales—to go back to traditional pursuits of growing sugar, cotton and the world's best coffee, and to building more of the factories which made it an industrial power by the modest industrial standards of South America, able for instance, to export assembled electronic gadgets to Europe.

Less-committed people would be justified in taking a much more cautious attitude to the problems which have since the beginning of last year cost the

GUERRILLAS 'READY TO TALK'

A SALVADOREAN rebel leader, said yesterday the guerrillas were prepared for a dialogue with the Government, Reuter reports from Beirut.

But Mr. Shafik Handal, secretary general of El Salvador's Communist Party, said they would not put down their arms "before our people secure their rights."

Mr. Handal, who is of Palestinian origin and was visiting Lebanon at the invitation of the Marxist Democratic Front for the Liberation of Palestine, said a

condition for talks was an end to U.S. military assistance to El Salvador's Government.

In El Salvador, the main left-wing guerrilla group announced a halt to all attacks yesterday in memory of Archbishop Oscar Arnulfo Romero of San Salvador, shot dead while celebrating Mass a year ago.

A clandestine radio broadcast by the Farabundo Martí Liberation Front said it would launch no attacks for 24 hours from midnight on Monday.

right-wing extremists in the army moved to block change. Early last year, they resigned and threw in their lot with the guerrillas.

With Dr. Ungo and the moderate left alienated, the junta and the country fell increasingly into the hands of right-wingers in the army, a process President Duarte, a right-of-centre figure, has been unable to reverse. Under his rule, as in the months before it, the army and the paramilitary groups which work mostly with it have committed atrocities after atrocities in an attempt to crush the guerrillas. The latter have replied in kind.

After three months in office, President Duarte can claim his successes. A guerrilla push in early January unwisely named "the final offensive" petered out as had a general strike called by the left some weeks before.

But if the left's hopes of a rapid military victory have been dashed, the guerrillas are very far from being crushed. The Salvadorean colonels themselves predict that full-scale operations could go on for another four years and mopping-up operations for another eight years after that.

Meanwhile, the economy is a war casualty, suffering from shock and haemorrhage. The foreign exchange reserves are in the red to perhaps \$100m. The gross national product fell last year by anything from 8.7 per cent to more than 15 per cent, depending on whose

statistics one accepts. Bank credit has dried up. There are 245,000 out of work and 50,000 more people coming on to the labour market every year.

Inflation is running at 19 per cent. The Government, which miraculously ran a small budget surplus last year and the year before, now faces a budget deficit this year of Colones 225m on expenditure of nearly Colones 2bn.

In such circumstances, the U.S. Administration is starting what is in Salvadorean terms a big financial operation to ensure President Duarte's cash flow, and is doing its best to bolster those private entrepreneurs who have not already fled to Miami or New Orleans. Washington is aiming to send \$136m in economic aid to El Salvador this year, and there will be more if needed and if Congress approves. The U.S. nightmare is the threat of total economic collapse if crops are not brought in, or if the guerrillas burn them on the road and the railways, in the warehouses or in the ports. And despite the best military hardware and training the U.S. can supply, the guerrillas look certain to be able to retain their power to damage the economy.

How many months or years will elapse before talks are called, and how many thousands of Salvadoreans, combatant or innocent, will die before the war grinds to a bloody halt is anyone's guess.

U.S. may provide 1,000 men for Sinai force

BY DAVID BUCHAN IN WASHINGTON

THE ADMINISTRATION has given congressional leaders a private warning that it may seek to place 1,000 or more U.S. troops in a Sinai peacekeeping force. But U.S. officials shied away sharply yesterday from saying that any decisions had been taken on this issue, which would involve the first permanent U.S. military presence in the Middle East.

The U.S. will hold further discussions with Egypt and Israel, which are the signatories to the 1979 peace treaty under which Israel will hand the whole of Sinai back to Egypt by the spring of 1982. There will also be discussions with countries outside the region to ask for their participation in a multi-lateral force to keep the Sinai peace. Mr. Michael Serner, a senior Middle East specialist in the State Department, is to leave for Cairo and Jerusalem later this week.

The Administration denies that any U.S. forces in the Sinai would have a "dual purpose" or would double up as peacekeepers and as an advance guard for any action by a U.S.

rapid deployment force to protect oilfields and routes. Some hawks in the Reagan team would like to see the U.S. use two big airfields in the Sinai for the rapid deployment force. But this would mean rewriting the 1979 treaty, and President Anwar Sadat of Egypt has opposed the idea.

There is some fear that stationing U.S. soldiers in the Sinai would be a highly exposed "trip wire" in an unstable part of the world. But the Carter Administration committed the U.S. to provide a buffer force if one could not be set up under United Nations auspices.

Since then the Soviet Union has said it will veto any UN plan for a Sinai force and Mr. Alexander Haig, the Secretary of State, has said the U.S. may have to take part as reassurance to Israel.

So far the U.S. has found few other countries willing to join the force. Among contributors suggested are Nepal and Fiji, but their participation is by no means certain without a UN mandate.

Ford calls for five-year curb on Japanese imports

PHILADELPHIA — Mr. Donald Petersen, president of the Ford motor company, said yesterday that Japan should limit car exports to the U.S. for a minimum of five years to allow domestic car companies to complete their modernisation programmes. Mr. Petersen told a Press conference that the reduction in Japanese imports should be immediate and substantial, but he gave no figures.

U.S. officials indicated last week that the Government would ask Japanese car companies to limit imports on a voluntary basis. The issue is expected to be discussed at talks between the Administration and

Mr. Masayoshi Ito, the Japanese Foreign Minister, who is now visiting Washington.

Earlier Mr. F. James McDonald, president of General Motors said in Cleveland that his company intended to meet Japanese competition "head-to-head". The company would hold further talks with the United Auto Workers Union on possible wage concessions rejected by the union last week.

Mr. McDonald said his company was not going to retreat one iota from its four-year plan to invest \$40bn to revamp its domestic car production by 1984. Agencies.

UK doubts, Page 6

Trudeau to push through constitution

By Victor Mackie in Ottawa

MR. PIERRE TRUDEAU, the Prime Minister of Canada (right) appears determined to meet his July 1 deadline for the passage of his proposed new constitution. To do so he will probably have to introduce a bill in the House of Commons after this week to wind up the lengthy debate.

If the package is to be in London before the Quebec election on April 13, the House of Commons must pass a time-allocation motion to limit the constitutional debate to four days. But if this fails as seems likely, the Government will introduce a guillotine, that the debate would end next week.

The Canadian Senate would be allowed a final week from April 6 to April 10 to complete debate on the joint address. The matter would then pass to Westminster, because the Canadian constitution derives from the British North America Act passed by the Westminster Parliament.

In the Canadian Commons on Monday, Mr. Trudeau argued that his package was right, that his process legitimate and that



the time for action was now. In a speech lasting more than two hours, Mr. Trudeau dismissed every argument his opponents raised against his plan to revise the Canadian constitution.

It was the first time he had entered the lengthy parliamentary debate on the issue. He first introduced the constitutional resolution at a Press conference six months ago.

Meanwhile the Canadian Government is determined to increase the Canadian content of its purchases. Mr. Jean Jacques Blais, Minister of Supply and Services, told a trade show in Winnipeg that Ottawa would require its prime contractors to purchase increasing quantities of goods and services from small and medium Canadian companies.

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WORLD TRADE NEWS

Iran's import bill shows 12% rise last year

BY TERRY POVEY IN TEHRAN

IRAN'S 1980 import bill was 12 per cent higher than in the previous year, despite six months of sanctions by the EEC and Japan and the start of the Gulf War with Iraq in September.

During 1980, a total of Rials 863.3bn (\$5.2bn) worth of imports were cleared by Iranian customs, according to figures released recently.

Points of entry details reveal that, over the year, a three-fold increase in goods coming via Iran's northern ports with the Soviet Union took place, and the share of trade using this route has risen more sharply since the start of the war.

According to the monthly customs reports, the Western sanctions against Iran did not have a dampening effect on its overall trade figures.

Average monthly imports for the first two quarters of 1980

were \$826m and \$1.02bn, respectively. Sanctions, as part of the action against Iran for the holding of 52 U.S. diplomats as hostages, were announced by the EEC and Japan in April and came into effect on May 17. A sanctions effect should have been noticeable in the third quarter according to the Iranian calendar (June 21-September 21), but trade figures for this period show a monthly average of \$1.18bn, significantly above both the preceding quarters.

The increase in trade through Iran's northern ports with the Soviet Union appears to have coincided almost exactly with the April announcement by the West of the intention to start sanctions. In the four months up to April 21 the average monthly trade through these ports was \$107m, whereas for the past eight months of 1980

this figure doubled to an average of \$215m.

However, Iran's imports did fall to a monthly average of \$771m in the last quarter of 1980, largely because of the war. With the start of the conflict the major southern port of Khormashahr was shut down and the country's most active Gulf port of Bandar Khomeini was virtually closed as well. Customs figures reveal that the road link, at Astara, between Iran and Russia, was also closed for the first month of the war, although trade by rail and through the Caspian Sea ports continued.

This level of trade, via the northern ports, represented 19 per cent of the total imports for 1980, a more than threefold increase on the 6 per cent figure for the preceding two years.

Over 75 per cent of these goods come via the rail link at Jolfa, which, after various disputes were sorted out, has seen a streamlining of its discharging, reloading and customs clearing procedures over the past year to cope with the increase in trade.

Since the start of the war with Iraq on September 22, the balance of trade between the northern and southern ports has changed yet again in favour of the former. In the last three months of 1980 the two were almost equal at 29 per cent for the north and 30 per cent for the Gulf ports, the remaining 31 per cent coming principally via Turkey, by road and rail, or direct by aircraft to Tehran.

A record increase in air-freighted cargo has taken place during the war with Iran Air

now operating almost daily cargo flights from London, Frankfurt and Madrid, carrying anything from eggs and frozen chickens to arms and ammunition.

The latest available figures, for the Persian month ending January 21, show the share for the Gulf ports picking up a little, up to 33 per cent as against 28 per cent for the northern ports, from a total of \$750m (\$330m) worth of goods imported.

Trade via Iran's northern ports with the Soviet Union does not consist only in Eastern bloc goods, but with the Jolfa rail link serving as Iran's second largest port for the first time in history, Russia must be earning some useful foreign exchange on transshipment charges.

W. German group to build £25m Iraq plant

By Roger Boyes in Bonn

DEUTSCHE BARCOCK, the West German construction and engineering group, has won a DM 115m (\$25m) contract from Iraq to build a cement works in the German concern.

The order for the turnkey supply and building of a cement works illustrates how Baghdad's reconstruction and medium-term planning priorities are taking precedence over political considerations.

The cement contract was put out to tender at the end of 1980 and after some months of negotiation, the order has now been awarded by Iraq's State Organisation of Industrial Design and Construction to BKMI, a Munich subsidiary of Deutsche Barcock. The plan is to extend the capacity of a current cement works by a further 100,000 tonnes annually. The plant will come on stream by the end of 1983.

Two other companies are involved—Lucks and Company of Brunswick will handle the building work and Brown, Boveri and Cie of Mannheim will undertake the electrical installation.

The revival in German trade with Iraq, despite the war, clearly reflects not only Baghdad's priorities, but also the willingness of Hermes, the German export credit insurance organisation, to resume credit guarantees for the country. Hermes had initially frozen a number of formal applications for cover but recently relented on condition that the orders involved were not within the immediate war zone.

Iraq is an important supplier of crude oil to Germany, but it is still in trade deficit with Germany. The latest available figures show that Germany sold goods worth \$819m in the first half of 1980 and imported \$247m worth of goods—mainly oil—from Iraq.

Friedrich Kocks of Dueseldorf, has won an order from Algoma Steel of Canada, to build a steel pipe plant with an annual capacity of 300,000 tonnes. Reuter reports from Bonn. The Dueseldorf company declined to give financial details, but said work on the plant to be sited at Sault Ste. Marie, will begin in October, 1982, with parts produced in West Germany and Canada.

UK concern wins £1.3m reactor orders

By Our World Trade Staff

ASHFORD CONTROLS, the Dorset engineering concern, has won £1.3m in export business in which it will supply valves and other components to nuclear reactors being developed in Canada and Belgium.

The company said the Canadian contract calls for provision of \$950,000 worth of valves for a Candu-type reactor on the shore of Lake Ontario, east of Toronto. In Belgium, valves and manifolds worth £250,000 are to be installed in the Doel-4 project under construction near Antwerp. This follows a £200,000 contract signed late last year to supply equipment to the country's Tihange-3 reactor.

GPW International Services of Wimborne, Dorset, has won a £1m contract to supply operational maintenance for Saudi Telex, the Sandia Arabian telex communication system. The company will co-ordinate its work with Detcon of Germany and BETA of Saudi Arabia and will have a team of technical personnel based in Riyadh throughout the three-year contract.

Rolling Transport Systems of Guildford has been awarded £1m in export orders, comprising some £700,000 for the supply of 500 specialised cargo flats to the Bore Shipping Line of Helsinki. These will be used to carry forest products from Finland and British North Sea ports. The order also calls for the supply of more than £250,000 in roll trailers for the Polish Ocean Line.

Grove Hydraulic Cranes of Cowley is to supply £1m in cranes to the Egyptian company, Ottoman, which has offices in Alexandria and Cairo.

Greenbat Engineering of Leeds is to supply a complete polypropylene tubular woven sack manufacturing plant to the Nigerian state of Niger. The plant has a value of £1m.

Libya deal for Finland
Finnish contracting company Oy Ylielinen Insinööritoimisto, Helsinki, signed this week an agreement to build six goods terminals in Libya. The deal's value is £1m 200m (£22m). The Libyan customer is National General Company for Markets. The terminals are for a department store chain at Tripoli, Benghazi, Derna and Zawiya.

UK doubts over car accord with Japanese

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK motor industry is concerned that the voluntary agreement with the Japanese manufacturers could fail to meet its objectives this year.

The credibility of the voluntary system is already under strain because the Japanese will take about 12 per cent of new car sales in Britain in the first quarter of 1981.

This is well above the expected level because the British industry's reading of the agreement is that the Japanese would cut their market share this year to compensate for overshooting the mark in 1980.

The British are looking for the Japanese to restrict sales to between 8 and 10 per cent of the total this year.

The position is even more critical in the light commercial vehicles market, also covered by the voluntary restraints.

The Japanese share of the light commercial vehicle market—admittedly very depressed so far this year—has jumped to about 17 per cent in the first quarter compared with just over 7 per cent in the same period of 1979 and 9.9 per cent in the first three months of last year.

There is evidence that the Japanese are struggling to make the voluntary system work. Shipments of cars in the first two months of this year from Japan to the UK were down from 53,510 to 50,219, roughly in line with the decline in the market forecast in January.

There was a very sharp decrease in commercial vehicle shipments, particularly in February, and they fell from 8,162 to 6,991 over the two months.

The March shipment figure are crucial, however, because the most recent meeting between the two industries did not take place until February this year. The Japanese manufacturers agreed that shipments should be monitored more closely to provide their counterparts with figures with 10 days of the end of each month.

The first of a series of meetings between staffs of the U.S. Society of Motor Manufacturers and Traders and the Japanese Automobile Manufacturers Association will take place two weeks.

The British will take them to Tokyo forecasts revis downwards because of a Budget measures. The society expects new car sales to drop from last year's 1.51m to 1.38m against the 1.41m forecast.

January while light commerce registrations will be "revised down substantially" from previous 180,000 forecast a the 193,000 for 1980.

to announce the eighth. "We have just come from Japan, and we discover that the companies there believe the climate for profitable working in Wales is very good."

Idwal said the environment is suitable in industrial, financial and cultural terms.

The eighth Japanese company does not include the possibility that Nissan, the car giant which produces Datsun models, might decide to locate its plant in Wales.

Nissan is considering setting up a manufacturing unit in the UK and at least one Welsh firm is thought to be among the candidates if the company decides on a British location.

Before long we hope to be able its projected investment.

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Moscow plans to supply Turkey with oil from Kuwait

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION plans to provide Turkey with oil from Kuwait to make up for promised shipments of Iraqi oil which have been disrupted by the Gulf war.

The Soviet Union is said to have offered to supply Turkey with 800,000 tonnes of Kuwaiti oil and has implied that shipments could reach as much as 2m tonnes this year provided Turkey was prepared to pay higher than OPEC prices.

The approach by the Soviet Union to Turkey, which, until last year, had received close to 2m tonnes of oil a year from Iraq under contracts signed by the Soviet Union, was the first report of important commercial contact between the Soviet Union and Kuwait.

There is no record of Soviet purchases of Kuwaiti products in recent Soviet trade statistics. Most of the Soviet Union's oil exports to Western Europe

come directly from the Soviet Union but deliveries to Southern Europe and Asia, including such countries as Turkey, India, Italy and Greece have frequently been made by third countries, notably Libya and Iraq, which in turn have been compensated under three-way transfer agreements with deliveries of manufactured goods or arms.

In 1979, Turkey received 1.6m tonnes of oil from Iraq

under a three-way agreement signed with the Soviet Union but Turkey did not receive any Iraqi oil last year because of the Iran-Iraq war.

Some of the shortfall in deliveries of oil to Turkey was made up by Libya which delivered 1.3m tonnes of oil but Libya this year is expected to deliver less than 1m tonnes.

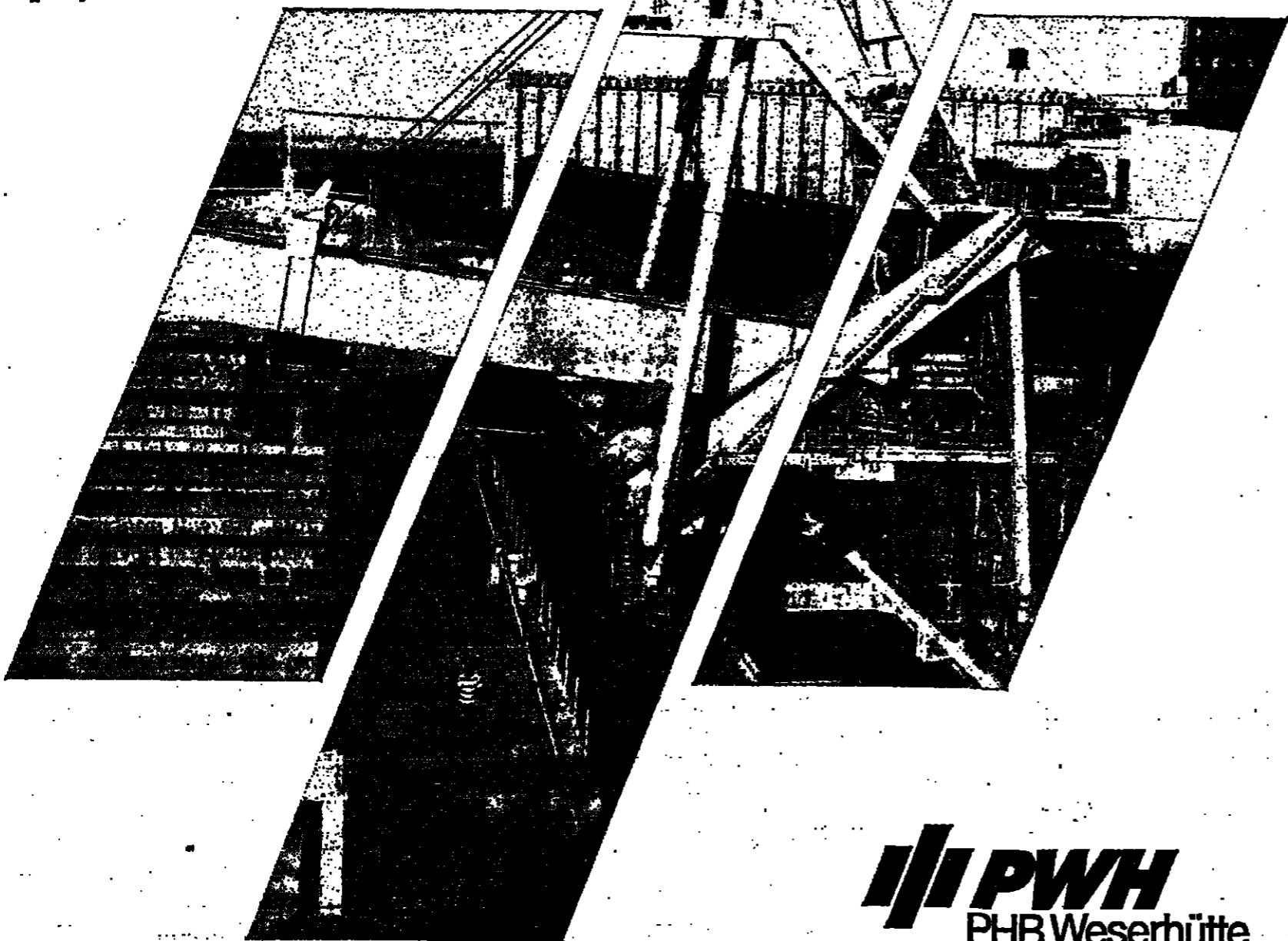
It was not known whether the Turks would accept the Soviet offer, but it was believed that

the Soviet Union would not have approached Turkey about deliveries of oil from Kuwait without tacit approval of the scheme by the Kuwaitis.

The Soviet Union delivered approximately 10m tonnes of oil last year to countries in Southern Europe and Asia, much of it under third country transfer schemes, but Turkey is the only country known to have been approached about oil deliveries from Kuwait.

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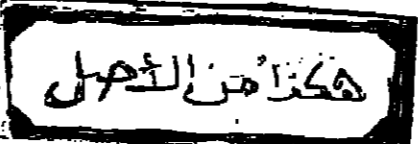
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A YEAR OF PROGRESS FROM NORTHERN ROCK



Mr K.A. Clark, T.D., F.R.I.C.S., Chairman

At the Annual General Meeting held 24th March, 1981, an optimistic Kenneth Clark, Chairman of Northern Rock Building Society reported a year of continued confidence in the Society during which record mortgage and investment levels were achieved. In his report Mr Clark made the following points:
Assets: The Society's assets at 31st December 1980 totalled more than £579 million which represented an increase of 18.4% on the previous year.
Liquid Funds: At the year end, liquid funds amounted to almost £138 million representing 20.2% of total assets.
Reserves: Reserves had increased to nearly £25 million which was 3.6% of total assets.
Advances: The Society advanced over £207 million to more than 11,000 families to purchase or improve their own homes.
Investments: A record 91,000 new savings and investment accounts were opened during the year.

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WHATCAR APRIL 1981 REVIEW OF DIRECTORS' CARS

Annual review/cars of the year

Seven's heaven

German built cars dominate our costliest category with BMW's luxury Seven series models taking the top two places

DIRECTORS CARS	Value	Comfort	On the road	In service	Costs	Total
BMW 728i	16	16	16	16	16	82
BMW 728	16	15	17	17	15	80
Opel Senator 3.0CD	16	17	16	16	12	77
Audi 200 ST	14	14	16	16	14	76
Daimler Sovereign	13	16	15	15	14	75
Rover V8S	14	14	16	16	16	74
Lotus Elite S2.2	12	15	17	14	14	72
Alfa Romeo Six	10	12	13	11	13	59

BMW 728i £12,435 80pts

BMW 728i £14,325 80pts



BMW's 7-series range has been considerably improved recently - so much so that the 3.2 litre 728i now tops our voting. The 3.2 litre 728i replaced the 3.0 litre 728i, formerly BMW's most luxurious model, still retaining a luxurious feel, including the electrochromatic windows, everything running on a six cylinder power

OPEL SENATOR 3.0

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Postcode

Age of driver 18 ☐ Present Car Year of registration

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UK NEWS

Power discounts will be temporary

BY MARTIN DICKSON, ENERGY CORRESPONDENT

TARIFF concessions announced in the Budget for large industrial electricity users will be a temporary measure. They are unlikely to last more than two to three years.

This emerged yesterday when the Central Electricity Generating Board announced its bulk supply tariff for 1981-82—the wholesale price at which it sells power to Area Electricity Boards.

As indicated in the Budget, the CEBG's load management system for large industrial consumers is being extended.

Under the existing system customers can get electricity price discounts if they agree to reduce their load at times of peak national demand. Under the new C category load management system they will

get bigger discounts if they agree to much shorter notice of the need for power reduction—possibly as little as 15 minutes.

The CEBG said category C supplies should not be regarded as a permanent feature of the tariff structure.

It was possible because of temporary excess plant capacity and because it saved the board operating expensive gas turbine plant used to meet sudden demand surges. But excess plant was being phased out and by 1983 cheap hydro-electric power from the Dinorwic station being built in Wales should be doing much of the gas turbine's job.

It is not clear how many industrialists will be able to use the new tariff, as many need

more than 15 minutes' notice of a power reduction. Some steel and chemicals companies have said they can comply.

The CEBG estimates the tariff could reduce the maximum demand on its system by 5 to 10 per cent.

The move is likely to cut the fuel bills of companies involved by only about 4 per cent. A second concession, announced in the Budget—greater pricing flexibility by Area Boards to large customers—could mean a large reduction of about 8 per cent for a few large users.

The Government has extended the industry's external financing limit by £45m to allow it to give these concessions.

Yesterday's bulk supply tariff increases make up much of the retail price rises already

announced by area boards. Domestic consumers will pay about 11.5 per cent more from April 1, while industrial users face increases of 15 to 16 per cent in the next 12 months.

The supply industry expects the increases to stick until April 1982 provided the price of coal, its major fuel, does not go up by more than the November rate of inflation. This in turn depends largely on the level of the next miners' pay settlement.

Because of the recession and the need for concessions to industry the CEBG is resigned to missing the financial target the Government set it for the three years to 1983—an annual average return of 1.8 per cent on net assets valued at current cost.

BCal to press on with cheap fares bid

By Michael Dome, Aerospace Correspondent

BRITISH CALEDONIAN Airways intends to press on with its bid for a new cheap-fare route to Australia, in spite of being beaten by British Airways to an agreement with Ansett Airlines of Australia.

Mr. Alastair Pugh, managing director of British Caledonian, said in London yesterday, when the Civil Aviation Authority resumed public hearings into the British Caledonian bid for a third force on the route (after British Airways and Qantas), "There is scope for a third force on the route and we would like to foster and develop this."

British Caledonian said it had received "tremendous support" from the various state governments in Australia for its plans.

The competition is fierce, however. British Airways and Qantas are resisting the applications by British Caledonian and Laker Airways for rights to fly the route.

British Airways believes the Ansett agreement to handle all BA passengers seeking flights to other parts of Australia will strengthen its case for retaining the only British airline on the route.

BA has argued strongly that even if the UK Civil Aviation Authority approves additional airlines on the route, the final decision rests with the Australian Federal Government.

A contract worth more than £40m for improvements to Birmingham airport has been won by John Laing Construction.

The work involves a new terminal building, with aprons and taxiways. John Laing Construction's tender was below the figure budgeted by the airport committee of West Midlands County Council, saving ratepayers about £3.3m.

The cost of the programme, including the land and staff salaries, will be about \$48.15m, against a budget of \$51.45m.

Preparatory work started yesterday at the Liverpool Municipal Airport on a five-year \$5m programme to build the new operational complex beside the 7,500-yard southern runway, which runs parallel with the Mersey.

West Midlands workless figures double in a year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ADULT unemployment in the West Midlands has more than doubled in the last 12 months—a far faster rate of increase than in the UK as a whole.

The West Midlands has suffered because of its heavy concentration of manufacturing industry, especially the motor vehicle sector, which has been hard hit by the recession.

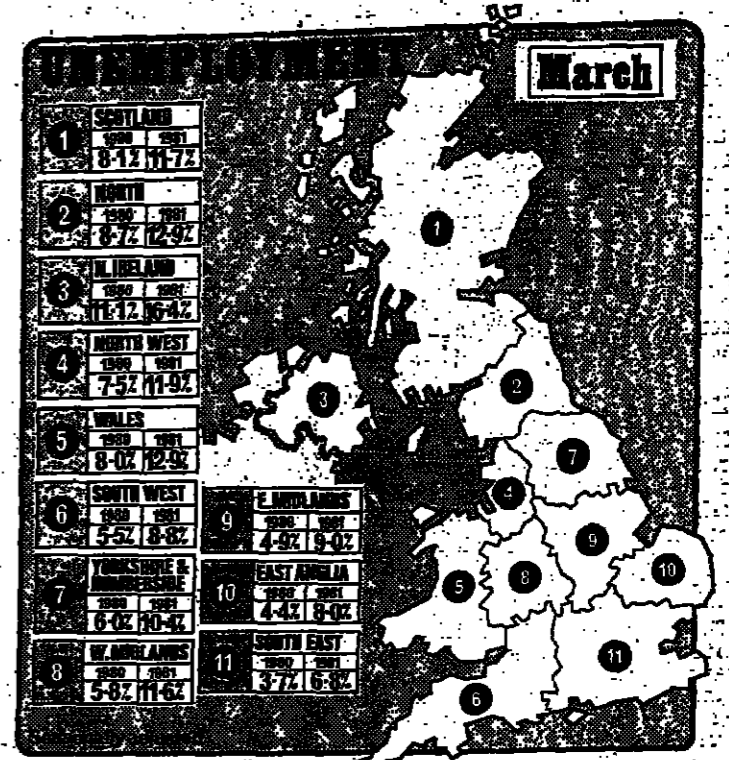
The increase in unemployment has been more rapid in areas with traditionally low numbers out of work than in the assisted areas—possibly because the starting level was already very high in the latter regions and there was less scope for a shake-out. A similar narrowing of regional differentials occurred in the last recession.

In the past 12 months adult unemployment in the UK as a whole has risen nearly 69 per cent. The increase has been just under 100 per cent in the West Midlands and more than 80 per cent in south-east England, East Anglia and the East Midlands.

The increase has been less than 50 per cent in northern England, Scotland and Northern Ireland.

In the past six months a UK average rise of 33 per cent includes increases of 45 per cent in the West Midlands and just over 20 per cent in Scotland.

Despite the narrowing of regional differences the percentage of the workforce registered as unemployed remains well above the national average, now just under one in 10. In Northern Ireland one in six adults is now out of work.



The rate is well above one in 10 in most of the northern and western areas of the UK.

The publication of the unemployment figures produced a strong response from trade union and Labour Party leaders. Mr. Len Murray, the TUC general secretary, said the figures showed the "ruthless folly" of the Government's policies.

Sir Terence Beckett, the director general of the Con-

federation of British Industry, said it was "only by restoring the competitiveness of British industry that there will be any real improvement in economic activity bringing hope of new jobs to reverse the unemployment trends."

The unemployment issue also surfaced in the Commons during questions when Mr. James Prior, the Employment Secretary, faced several questions.

Plan to improve nuclear power operations

BY OUR ENERGY CORRESPONDENT

A 13-POINT package of proposals to improve nuclear power station operations was announced yesterday by the Electrical Power Engineers Association, the body representing engineering, scientific and managerial staff in the electricity supply industry.

It follows an 18-month study of the implications for Britain of the accident at the Three Mile Island pressurised water reactor (PWR) plant in 1979.

The association said: "Most of the weaknesses in organisation, staffing and design which led to the accident at Three Mile

Island are not present in the organisation staffing and design of the British nuclear stations."

The accident could not have occurred in the UK where existing stations are different technically, being gas cooled Magnox advanced gas-cooled reactors (AGRs).

Nevertheless, the possibility of accidental emission of radioactivity which could involve the public could not be excluded.

The association's recommendations include:

- Improving training facilities for operational engineers both on site and at the industry's

teaching centre at Oldbury, Gloucestershire, including more training on simulation.

- A systematic review of control room ergonomics.
- Greater media understanding of nuclear technology and the establishment of an emergency Press centre by the electricity industry, staffed by suitably trained engineers.

The association said the right balance had been struck between safety and considerations of cost. "The sophisticated safety arrangements, fully involving management and staff unions, have not only helped to bring

this about, but are the best guarantee that the right balance will continue to be struck."

The UK's approach to training meant operational engineers had a better conceptual grasp of reactor operations and system dynamics than their counterparts at Three Mile Island.

Nevertheless, the format of nuclear training courses could be improved. There were shortcomings in simulators of Magnox stations and considerable delays in commissioning AGR simulators. Staffing for on-site training was inadequate.

'Think British' campaign by cotton industry

A CAMPAIGN entitled Think British before you Buy is being launched by the Lancashire cotton industry in a bid to persuade consumers to search out UK produced textiles and clothing in the shops, writes Rhys David.

The campaign is the industry's response to the loss last year of more than 20,000 jobs in Lancashire textiles and the closure of more than 100 mills. Over the coming months, posters bearing the campaign theme will be appearing on

various sites, and leaflets urging customers to look for a British-made label will be handed out at shopping centres.

Special displays, meetings, talks and promotional events for British goods are also to be

held. Unveiling the campaign in Manchester yesterday, Mr. Geoffrey Jolly, its chairman, said they would be asking customers to make sure they gave British goods a chance before making a purchase.

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ABBENATIONAL

Powell Duffryn Engineering changes

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

POWELL DUFFRYN has made senior management changes at one of its subsidiaries—Powell Duffryn Engineering—following disagreements on the size of the subsidiary board.

Three members of the five-person board have left the company, including Mr. Anthony Armitage, the managing director. He will be replaced by Mr. Ian Turner, manufacturing director.

Mr. Clive Mossford, finance director, becomes commercial director.

Mr. John Roach, engineering director, and Mr. Brian Rollings, sales director, are the other two board members to leave.

Powell Duffryn said yesterday the parent company decided to slim down the board to cut costs. The number of production workers has been cut in the past year and it was felt that, with the company still making losses, it was time to reduce the number of senior managers.

Powell Duffryn Engineering

based at Llantrisant in South Wales, makes mechanical handling and refuse equipment. Most of its business is with local authorities, which have cut their purchases substantially. The company has a turnover of about £7.5m, but made an un disclosed loss last year.

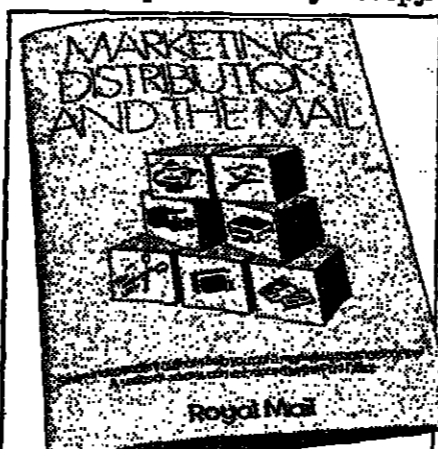
Mr. Armitage, 41, joined the company from GEC four years ago as deputy managing director. He became managing director at the beginning of last year. The compensation he will receive has not been revealed.

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Own vehicle fleet costs versus carriers' prices

by J.R. Kelly, managing director of a leading transport consultancy.

A discussion of the problems facing vehicle operators in view of increased costs, with particular emphasis on the advantages and disadvantages of using a professional carrier as an alternative means of distribution.

Packaging costs versus the costs of replacement

by J.C. MacChesney, M.A., Flinst. Pkg. This paper examines the various forms of damage to packaged prod-

ucts in transit and ways of reducing consequent costs to manufacturer and distributor, pinpointing the choice between the expense of improved packaging and the expense of replacing damaged goods.

Opening and developing an export market

by Peter Gorte of the Metra Group.

The author covers the various means of selecting and financing expansion into overseas markets, in particular comparing methods of distribution in terms of cost and speed.

The future role of depots in a distribution network

by R.L. Newson of Davies and Robson, consultants in Transport and Distribution.

New legislation on commercial driving time can affect the location of depots; this paper investigates the resulting problems for distributors, discussing the advantages and disadvantages of depot networks and contracted delivery by carriers.

Entering the Mail Order Market

by Brian Sharp, consultant in Direct Marketing.

The mail order market has expanded spectacularly, and this paper is a guide to its potential and pitfalls—covering legal aspects, choice of advertising media, distribution, and forecasts of developments in this area.

Mail Order and Prestel

by J.D. Edgeley, Marketing Controller, British Mail Order Corporation.

The Post Office's Prestel system allows agents of mail order catalogue companies to use video display units to check stock, order products, etc.; this article describes the process and its potential, with an outline of the possible effects of this development on mail order in the future.

The use of credit cards in Mail Order

by John McVitie, Marketing Operations Manager, The Joint Credit Card Company.

The rapid increase in the use of credit cards in Britain has changed the pattern of payment in direct response selling; this paper analyses developments in this area and the ways credit cards can help mail order, including details of safeguards for the consumer and the credit card company.

To: Ken Woolsey, Room 127, Postal Marketing Department (PMK 4), FREEPOST (no stamp required), 22/25 Finsbury Square, LONDON EC2B 2QQ.

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EEC drugs proposal condemned

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN COMMISSION plans to allow entrepreneurs to buy drugs cheaply in one Common Market country and sell them at a profit in another have been condemned by a House of Lords select committee.

The Lords Select Committee on the European Communities today published a report which says the commission's proposals would place established pharmaceutical companies in "an impossible position." The committee wants the commission to do no more until drugs prices in the EEC are brought closer together.

Directive

The report covers a draft European directive on what is known as parallel importing. A parallel importer is an independent entrepreneur who makes his money by taking advantage of the price differences in EEC member states.

The entrepreneur buys drugs produced by a research-based pharmaceutical company in the country where they are sold most cheaply by the manufacturer. He then takes them to another EEC country where the manufacturer's price is higher—sometimes much higher.

The commission's draft directive proposes that all parallel importers of drugs should be registered—and the aim is to

enable them to trade more freely. This follows a European Court of Justice ruling that the big drug companies' attempts to stop parallel importing were restrictive and in breach of the Treaty of Rome.

The group believed it was justified in selling the drug at a higher price in Holland than in the UK.

For many years big drug companies have been able to hamper the activities of parallel importers by refusing to give them details about tests on their products.

Sometimes a parallel importer would fail to win permission to sell a drug in a particular country even though a big drug maker was already selling it there. The research-based manufacturer would be able to satisfy the authorities that his drug was safe and effective and that all the necessary trials had been carried out. The parallel importer would not.

The Lords select committee accepted that the European Commission will have to take action on parallel importers because of the ruling by the European Court. But it attacks the Euro-

pean draft directive on several grounds:

- It says there is not a free European market in drugs because prices are controlled, directly or indirectly, in all member states.
- It claims the proposals would be unfair to the big drug companies, which have to bear heavy research and development costs.
- It says consumers, whether state health services or individuals, would not benefit from lower retail prices.

The committee says the whole problem of parallel drug imports "arises as a direct result of controlled pricing structures in member states" and urges that further action should await commission moves on drug price controls.

A parallel importer called Centrafarm wanted to import Valium, brand name of the tranquilliser produced by the Swiss Hoffman-La Roche.

The European Court ruling on parallel imports followed a legal fight over the importing of Valium, brand name of the tranquilliser produced by the Swiss Hoffman-La Roche.

A parallel importer called Centrafarm wanted to import Valium made in the UK to the Netherlands, where it would be repacked and sold under the name Diazepam. Roche tried to stop Centrafarm by refusing to give it documents which the Netherlands health authorities required before granting a market authorisation.

In 1973 Hoffman-La Roche was ordered to reduce the price of its Valium in the UK after a report by the British Monopolies Commission. The commission supported the view of the Department of Health and Social Security that Roche had used its monopoly in the market in a way that was against the public interest.

"Yet he wishes to be free to

buy and sell the product, taking some if not all the margin which the manufacturer properly feels to be his own."

The report adds that it would be "naïve" to assume that parallel importing necessarily leads to lower retail prices. The committee believes that if a parallel importer sells a drug slightly more cheaply than a manufacturer to a dispensing chemist, the chemist will then reclaim the full manufacturer's retail price from his own national health authorities.

The association, publishing its reaction to the Armitage inquiry, urged the Government to introduce "substantial further measures" to reduce social and environmental problems already caused by heavy lorries.

The association also said the other proposals in the Armitage report to protect the environment were inadequate. The association backs the proposal in the report to tax lorries according to weight and wants the "social and environmental cost of lorries" to be passed on to highway authorities.

Call for bigger lorries attacked

By Lynton McLain

THE ARMITAGE inquiry recommendation that maximum lorry weights should be raised by over a third, to 44 tonnes, should be rejected, the Association of Metropolitan Authorities said yesterday.

The association represents authorities serving Greater London and the metropolitan areas of Merseyside, Greater Manchester, West Yorkshire, South Yorkshire, Tyne and Wear and the West Midlands. These and other authorities already have powers under the Heavy Commercial Vehicles (Control and Regulations) Act 1973 to ban lorries from their areas.

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Christine Moir on proposals for pension funds

Call for more information

SELF-REGULATION is a good thing, the City Capital Markets Committee insists in its paper on pension schemes, published yesterday.

But "legislation on some aspects of pension schemes is desirable to clarify the rights of members and to increase their ability to monitor the administration of their funds."

The committee said yesterday that the Government should legislate to give members and pensioners—not just trade union representatives—the right to appoint 50 per cent of the trustees and members of the management committees.

It should also create a statutory framework for disclosure of information which goes further than the basic principles adopted by the National Association of Pension Funds last year.

The City capital markets committee was reconstituted last year by the governor of the Bank of England. Its members are personally appointed and are required to debate issues of company law and those affecting the City's main markets.

This is its third paper. Last year it recommended rules, which were later brought in by the council for the securities market, to control purchases of 15 per cent of a company through "dawn raids."

It also recommended that Government legislate to tighten up disclosure of stakes held by parties acting in concert, and to

give companies the right to buy their own shares.

Both proposals form part of the latest Companies Bill.

Disclosure of information on pension funds is just as vital, the committee said yesterday. Legislation was needed to spread the best practices already adopted by some schemes to smaller ones.

The committee is not in favour of a full scale Pensions Act, along the lines of Companies legislation, as recommended by the Wilson Report on the City Financial Institutions.

Instead it proposes simple legislation to force companies to send a simplified version of the annual report of the pension fund to every member with a statement that more detailed information be available on request.

This information should include:

- The accounts and auditors' report.
- Details of investments and the extent to which the fund has invested in its parent company.

● A statement by the actuary as to the date of his last review, the general position of the fund, and the position in the event of a winding up.

● A statement whether the actuary's past recommendations have been followed.

The points are identical to those enshrined in the NAPF but there they were described only as "desirable further

minima." The NAPF has been unable to win sufficient support from members to incorporate detailed disclosure requirements in the basic principles of the code.

In any case, the Government regards legislation for pension funds as a low priority. Last November Mrs. Lynda Chalker, Parliamentary Under Secretary for Social Security, told a conference of pension consultants that the Government welcomed the Code of Practice but did not believe further legislation necessary.

While admitting this obstacle Mr. Martin Jacobson, chairman of the committee, said yesterday that Government "would be foolish not to move on this."

One important benefit would be that as members participated in their schemes it would spread greater understanding of "the need to ensure that invested capital yields a reasonable profit."

At the same time, the committee did not think that pension fund accounts needed to be publicly registered. Once distributed to members, they would in practice be publicly available, it said.

Nor was there any need for a particular Government department to consider the actuarial state of pension funds. Instead, the Occupational Pension Board in the DHSS should have the power to appoint an inspector in cases where a scheme was thought to be badly run.

CONTRACTS

£6.4 m office buildings for Higgs and Hill

HIGGS AND HILL BUILDING, part of the International Building and Property Group, has been awarded a £6.4m contract for the construction of an office development in Chelmsford.

First stage comprises 114,000 sq. ft. gross (83,000 sq. ft. net) office accommodation in two adjoining buildings in Victoria Road and Duke Street. The Duke Street office building will also accommodate banking space at ground floor level on the Duke Street frontage.

The development is being managed by J.L.W. Project Services, part of Jones Laing Wootton, for Matheson Properties Company and will be substantially completed by one of its subsidiaries, the Jardine Glynvill Insurance Broking Group. Completion is due January 1983.

KENTEX has won two contracts worth together £1.54m for the supply and application of wall coating to the new Wellington Barracks in Westminster and to the walls of a 450-plus homes development for the local authority at Pressell, South Wales.

R. M. DOUGLAS CONSTRUCTION, Birmingham, has been awarded contracts totalling £5.8m. The largest is for industrial units at Waltham Abbey for Bryant Samuel (NEE), valued at £1.6m.

GEC INDUSTRIAL CONTROLS has received further order from ICI Mond for 55 groups of liquid metal switches, valued at £613,000.

FRENCH KIER CONSTRUCTION, a member of the French Kier Group, has been awarded a £1m contract by the Dover Harbour Board for the import freight building extension, stage 11. The company has also been awarded a £300,000 contract by the Department of the Environment, Property Services Agency, for the erection of an interceptor sewer at Aldegrave, Co. Antrim, Northern Ireland.

Matthew Hall Engineering has placed an order valued at £500,000 with BIOC YANTRUNK, Northern division, Runcorn. The order is for material to support electrical cabling of the BP Magnus topside facility.

TELEPRINTER EQUIPMENT has contract to supply British Telecom with 406 Paper Tiger matrix printers. The contract is worth about £250,000 and the equipment will be installed at London Airport.

Three 2800 Series computers from INTERNATIONAL COMPUTERS are being installed by the Royal Naval Supply and Transport Service as the heart of a nationwide network handling Royal Naval supplies. It will give terminal users in stores and offices all over Britain access to

information about the 750,000 different item types which make up a stock worth over £2,000m.

A contract worth over £9m has been awarded to LAING INDUSTRIAL ENGINEERING AND CONSTRUCTION, for laying 51 miles of 42in. diameter high pressure gas transmission pipeline between Hutton in Lincolnshire and Peterborough in Cambridgeshire. It is scheduled for construction starting in April and is due to be finished by autumn 1982. The new pipeline is intended to reinforce supplies of natural gas to the south and south western areas of the country.

AUTOSENSE EQUIPMENT, Bicester, has won a £2.5m contract from Shell Research Laboratories at Thornton-le-Moors, Cheshire, for the modernisation and improvement of engine test facilities. The new facility of 20 fully-automated test beds will enable running a wide range of diesel and petrol engines, with a comprehensive computerised test system for lubricant research and development.

SMITH INDUSTRIES has received an order worth £1m for the supply of the radar altimeter system for the Panavia Tornado aircraft. The Basingstoke division of SI's Aerospace & Defence Systems Company and Aeritalia are working sharing partners on the radar altimeter system. The equipment will be fitted to Italian and U.K. aircraft.

JOY MANUFACTURING COMPANY (UK), East Kilbride, has been awarded the contract to supply turbo compressors for the Drax completion power station being built for the Central Electricity Generating Board at Selby in Yorkshire. The contract, placed by Aiton & Co. of Derby (a member of the Whessoe Group), is for eight centrifugal compressors worth about £750,000.

PLESSEY CONTROLS, Poole, has won a further contract worth £700,000 for multi-carrier station remote control equipment from the Civil Aviation Authority. The equipment forms a link in the radio telephone system for Britain's air traffic control and the remote land-based transmitters and receivers scattered around the country. It selects the best speech path as well as controlling the selection of land lines.

DJB ENGINEERING has sold via Bowmaker (Plant) eight D275B articulated dump trucks to Marchwell Plant & Engineering, the plant holding company of Sir Alfred McAlpine & Son. The trucks valued at £604,000 will be operating on reservoir and motorway contracts in the UK.

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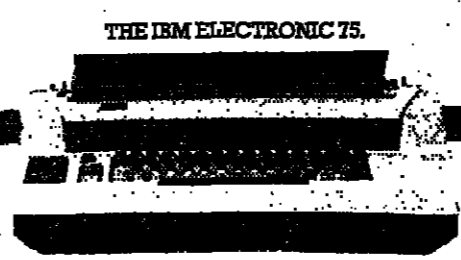
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UK NEWS

Doubt over plans for engineering council

By Hazel Duffy, Industrial Correspondent

THE GOVERNMENT'S proposals for an engineering council seem in doubt following a meeting yesterday between Sir Keith Joseph, the Secretary of State, and the 18 presidents of the professional engineering institutions.

Although the meeting was officially described as "constructive" there was no indication from the presidents that they were willing to alter their opposition to certain aspects of the proposed council, which call into question the value of setting it up.

The core of their opposition is that the profession wishes to remain self-regulating and does not accept assurances from the Government that it does not seek to dominate the council.

The co-ordinating body of the institutions, the Council of Engineering Institutions (CEI), will apparently not cede its right to award the Chartered Engineer status until it gets what it wants from the Government.

Sir Keith said yesterday that a solution must be found that is acceptable to employers and the academics in universities and polytechnics. These have all agreed to support the Government's charter for the proposed council, which has also been voted Government funds under the Industry Act.

The Government still hopes it will be able to reach a solution which has the agreement of the institutions, and proposes that more official discussions should be held. Unless these talks are more productive than earlier ones there is little prospect of a prominent person agreeing to become chairman of a council which will have very few powers.

Canvey inquiry angers British Gas

BY SUE CAMERON AND MAURICE SAMUELSON

A PUBLIC inquiry into whether the methane gas terminal at Canvey Island should be shut because of the risk to local residents was announced yesterday in the Commons—to the fury of the British Gas Corporation.

The announcement by Mr. Michael Heseltine, Environment Secretary, follows publication of an official report on plans to build another oil refinery at Canvey.

It says there is no reason why the refinery project should not go ahead, but only if the

gas terminal is shut or if a new protective ignition system is installed round its perimeter. British Gas reacted quickly and angrily last night. It regarded the suggestion that the terminal should be shut as "astonishing" and promised to "strongly resist" it in the "interests of gas customers."

The corporation warned that it might not be able to meet peak demand for gas in South East England in unusually long, cold winters if the terminal were closed.

The 104,000 tonnes capacity terminal had a "proven safety record" going back over 20 years. The corporation had spent £1m on improving the terminal after suggestions in a 1978 Health and Safety Executive report.

Yesterday's report covers plans by United Refineries, which is jointly owned by ENI, the Italian state energy company and by the U.S. based Murchol, to build a 4m tonnes year refinery at Canvey. It warned that the methane terminal contributed one third

of the risk of a serious accident from all the existing and proposed installations on Canvey Island.

If a large cloud of gas could travel 10 kilometres before dispersing, if such a cloud were to ignite large numbers of lives would be at risk.

It suggested that ignition sources be placed round the perimeter of the terminal to ensure that any escaped gas would be burned on the spot.

Oil groups win onshore drilling licences

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN'S search for onshore oil and gas received a boost yesterday when three groups were given permission to drill for oil over 474 square kms of countryside and to produce any found.

The new production licences issued by the Department of Energy are:

● PL 184, to Pacific Basins (UK), covering 160 sq kms of West and North Yorkshire, lying south-east of Leeds.

● PL 185 to British Petroleum Development, British Gas and Candec Resources, covering 215.8 sq kms of Humberside and

Lincolnshire, to the east of Scunthorpe.

● PL 186 to Amoco UK Petroleum and Ultramar Exploration, covering 95.9 sq kms of Hampshire, north-west of Southampton.

The licences allow the holders to drill for oil and produce any they find. Onshore exploration licences limit the holder to geological survey work.

Amoco, operator for the latest Hampshire production licence, intends to begin drilling in the next few months but has yet to pick a site or get planning permission.

Pacific Basins, the UK subsidiary of Bahamas-registered Seagull Petroleum, will apply for planning permission in the next two weeks and hopes to begin drilling later this year on a site about one mile east of Northampton.

BP expects to begin drilling on its licence area in May on a site about four miles from Brigs.

An encouraging new oil find was announced yesterday by Phillips Petroleum in the North Sea's geologically complex T block, comprising the Toni, Tiffany and Thelma fields. Phillips, the operator for a

five company group, has completed testing its 16/17-11 appraisal well, located about 1 km north-east of the Tiffany discovery, and is suspending it as a potential oil producer.

The well was drilled to a total depth of 15,200 ft and five drill-stem tests were carried out. Three tests in Upper Jurassic sandstone showed 35 degrees API oil at rates between 1,438 barrels a day and 8,769 barrels a day.

Phillips partners in the block are Fina Exploration, Agip, London Power and Light, and Century and Scottish Marine Oil. Feature, Page 24

Election pledges on council direct labour 'betrayed'

BY MICHAEL CASSELL

THE GOVERNMENT was accused yesterday of "completely betraying" election undertakings to control local authority direct labour departments and make them face up to private sector competition.

The Federation of Civil Engineering Contractors said the Local Government Act provided an adequate legal framework for running direct labour departments, but the newly announced operational guidelines

would devalue the legislation. Mr. Derek Gaultier, director general, said loopholes would provide local authorities opposed to direct labour controls with major scope for evading fair competition.

The federation said more than 100 MPs had written to Ministers supporting the view that the Government had succumbed to county council pressure. It had weakened the

regulations to the point that they would be expensive to operate but of little value in establishing efficiency.

The original consultation paper on direct labour legislation was produced in late 1979. It proposed all road contracts worth more than £100,000 and one-third of those below that figure be subject to competition from private contractors.

Subsequent proposals included a wide range of exemptions to the threshold. Councils will have the opportunity to negotiate contracts in excess of £100,000 if it is claimed work follows a contract won in competition.

Follow-on contracts can be taken at prices 25 per cent higher than those set in the earlier contracts. This, the federation says, is "little short of an open invitation to the direct labour organisations to print their own profits."

Under the new Local Government Planning and Land Act authorities will be compelled to publish their manpower figures.

Manchester told to find own cash solution

By Gareth Griffiths

MANCHESTER City Council should look at ways of helping itself, rather than ask the Government for more money, Mr. Michael Heseltine, Environment Secretary, said yesterday.

He told a delegation of local authority officials, councillors and community leaders the city council should cut spending and staff.

About 300 people took part in a lobby of Parliament, the Environment Department and 10 Downing Street, to complain at Government treatment of Manchester.

The city wants its inner partnership scheme funding to be increased and the assisted development area status maintained beyond August, 1982.

The city council said Manchester had above average social problems and consequently needed more Government help.

Councils fail to report manpower

NINETEEN COUNCILS in England and Wales failed to give Environment Department details of their manpower levels for December 1980, making it impossible to see whether employment fell or increased in those councils in the year.

Under the new Local Government Planning and Land Act authorities will be compelled to publish their manpower figures.

Lack of orders closes factory

ANDREW Fisher, hydraulic engineer of Wisbech, Cambs., is to close with the loss of 96 jobs because of lack of orders.

Flat-Allis (U.K.), manufacturer of earth moving vehicles and equipment, will make 50 of its workers redundant because of a decline in world orders.

Bid to recapture printing market

THE British Printing Corporation is trying to recapture the substantial market for mail order catalogues and travel brochures which has been lost to overseas competitors.

It yesterday announced the formation of the British Gravity Corporation, which will be responsible for all its gravure plants—Sun Printers in Watford, Purnell Gravure in Poulton and Fell and Briant in Croydon.

Kina Holdings' cash and expertise failed to match its drive

THE TRAGEDY of Kina Holdings

the industrial high pressure cleaning equipment company which went into receivership in 1975, was that its drive to achieve what was believed to be the high potential of its products was not matched by its managerial or technical expertise or by its financial resources. A Trade Department report has concluded.

"Throughout its life, the company was beset by chronic cash problems. Normal and proper remedies were never sufficient and the company turned to various expedients, most of which involved cynical disregard for the truth in their operation."

When Kina went into receivership it had an estimated deficiency of £1.3m.

The report, published yesterday, was written by Mr. William Denny, QC, and Mr. Kenneth Webb, FCA, the inspectors appointed by the Department to investigate the company's affairs in 1978.

Its publication was delayed pending completion of criminal proceedings against Mr. Edwin Hearn, Kina's former managing director and chairman, and Mr. Thomas Allright, a former company secretary.

Mr. Hearn was jailed for 18 months in January after pleading guilty to dishonestly obtaining the 1975 Queen's Award for Industry for his company, Mr. Allright was sentenced to nine months' imprisonment, suspended for two years.

The inspectors stated a substantial number of bogus hire purchase and leasing transactions by means of which large sums were obtained over more than three years.

It was discovered that many of the items of plant referred to in hire purchase and leasing agreements entered into by Kina were nowhere to be found and/or that some items appeared to have been the subject of more than one agreement, the report said.

At least £185,731 "was dishonestly obtained by these practices between January 1971 and March 1974."

Other malpractices and deficiencies which distorted the company's audited accounts were:

● In May/June of most years in question there appeared to be a sudden improvement in sales which substantially increased turnover and debtors.

"In part it was due to the production by Hearn and Allright of wholly fictitious invoices."

For much of the rest it consisted of forward invoicing, invoices were raised for orders which had not been executed by the end of the financial year but were treated as if they had.

● Credit notes were raised from time to time to eliminate these unreal transactions.

● There was consistent understatement year by year, of the amounts due to creditors.

● Evidence pointed to consistent overvaluation of stocks and work in progress "but absence of adequate records has frustrated any realistic assessment for most years."

● The valuation of the company's premises at Haddesfield, Suffolk, was progressively increased and exaggerated values were projected on valuer's certificates which failed to reveal the basis of his valuations.

● The loan accounts of Mr. Hearn and Miss Heather Clouston, wife of Mr. Hearn and a director, were manipulated by Mr. Hearn to conceal bogus

financing transactions and to enable him to acquire substantial shareholdings at the expense of the company. "This involved yet more false papers and the constant use of dishonest outside assistance."

● Export Credits Guarantee Department (ECGD) facilities were abused to inflate group turnover. Exploitation of the facilities enabled Kina to obtain £100,000 from its bank, over non-existent sales to supposed customers overseas.

Other large sums were raised far above the credit limits approved by the ECGD for particular customers by giving dishonest warranties to the bank that the limits were being observed.

● Investors and creditors (in particular the company's bankers) were misled in later years by the image, presented when in 1973 and 1975 Kina obtained the Queen's Award for its supposed export achievements.

Significant figures submitted by Mr. Hearn in support of the applications "were false, and the knowledge that they were false was known by Hearn and Allright."

All these factors, the report said, played their part in inducing more and more investment "which helped delay the final day of reckoning."

Kina Holdings: Department of Trade Report: SO: £16.20

Registrars face axe under Chancery cost-cutting plan

THE JOBS of a number of top legal civil servants earning just short of £20,000 should be axed and their duties given to staff earning less than half that figure, a report recommended yesterday.

The cost-cutting proposal is in a report aimed at streamlining and speeding up one of the oldest divisions of the English legal system, the Chancery Division of the High Court.

Chancery registrars, with a top salary of £19,888, would be abolished and the bulk of their work taken on by higher executive officers, with a top salary of £9,571.

This would help achieve a 20 per cent cut in the Chancery Court's salary, the report said.

Abolition of the "ancient and respected" posts of registrars and assistant registrars would mean a break with tradition. But there was no virtue in retaining the title of registrar, which had become confusing and meant different things in different courts.

The Chancery Division of the High Court which in the past was concerned mainly with property matters, now also handles a large volume of commercial litigation, including company law, patents and design copyright, trusts and bankruptcies.

More than 10 per cent of its work concerns debts, damages and accounts.

are high costs and delays. It takes 13 to 14 months before a case with a long witness list can come to trial. When it is finally decided it takes another three months before the parties obtain the resulting orders.

The recommendations for changes follow a year-long inquiry led by Lord Justice Oliver, himself a former Chancery Judge.

The report was greeted enthusiastically by Lord Hailsham, the Lord Chancellor, who commissioned the inquiry in 1979.

"It is the most searching inquiry into Chancery for over 100 years and it is not surprising that there is room for con-

structive change. The important thing now is to get down to implementing it."

The report called for many procedural changes in the system. It was recommended that judges turn their talents to a wider variety of disputes, and do more work during the law vacations.

Other recommendations include the reorganisation of bankruptcy and company court business and a call for the appointment of an administrator for the Royal Courts of Justice as a whole.

It was hoped delays in hearing cases could be "reduced to days rather than months."

The report called for more courts to sit in private.

Although "justice behind closed doors is generally undesirable," there was a strong argument in its favour in certain cases. It recommended private hearings of High Court Chancery cases in which one party in a pending action, in the absence of the other party, sought a temporary court order.

Such ex-parte applications are currently heard in open court, although similar matters, some of vital public importance, are heard privately in the Queen's Bench Division of the High Court.

Report of The Review Body on the Chancery Division of the High Court, Cmd. 8205, SO: £5.30.

Realism coming back to industrial decisions, Prior tells businessmen

James McDonald reports on the Institute of Directors convention

REALISM was returning to the shop floor as businessmen took decisions they should have taken years ago, and these decisions would have a dramatic effect on production when the upturn in the economy came, Mr. James Prior, the Employment Secretary, said in London yesterday.

"Up and down the country people are saying they are now able to get on with the job with more efficiency," he told the annual convention of the Institute of Directors in the Albert Hall.

Mr. Prior strongly defended Government policy of helping nationalised industries in the face of the institute's demand that public-sector spending be curbed drastically.

"In an economy as weak as ours it isn't easy for new businesses to pick up where old

ones fall out. It's not easy, either, for old, outdated industries to modernise themselves. That is why we have had to support British Leyland, British Shipbuilders and British Steel Corporation, and others, too," he told the 2,000 businessmen present.

"Quite frankly, when I go up to the West Midlands I don't find the Engineering Employers' Federation saying to me: 'Look, don't support British Leyland.' The message I get when I go up there is: 'For God's sake keep BL going, because that's the only way you'll keep us going.'"

A lot of the money which had gone to the public sector last year had filtered through to the private sector, he said.

Mr. Prior defended his employment legislation against complaints that it was a "softly,

softly" approach to the labour problem. "We were not prepared to saddle industry, and particularly managers, with laws they did not want."

"We were not prepared to go through the cynical exercise of passing legislation which we knew would then lie on the statute books and simply be disregarded by vast sections of British industry."

"We have to seek to build on the common ground and seek the widest possible degree of consent for all we do from the shop floor right up to director level."

On the theme of the convention—"Leading the Recovery: The Responsibility is Ours"—Mr. James Prior urged business-

men to improve communications with the work force. Greater management communication with workers was dealt with further by Mr. Peter Prior, chairman of H. P. Bulmer Holdings.

The "national problem of wealth creation" would be solved in individual boardrooms. The "crew" of every company "must be united in a determination to get somewhere together, to take difficult and unpopular decisions together and then to succeed together."

"Such matters as free information flow in both directions, the speedy explanation of problems, the acceptance of consultation, all these help to break down the barriers which perpe-

tuate this instinctive antagonism, this symptom of the English disease, industrial unrest. Productivity should no longer be a dirty word. It must develop from the creation of demand in the market."

The fact that the UK was now considered a low wage economy was partly due to over-managing, said Sir Arthur Bryan, chairman and managing director of Wedgwood. Brought about to a large extent by restrictive practices supported by the unions, it was unproductive, self-destructing, misconceived and "the main obstacle to a higher wage economy."

But first, much lower interest rates were needed to make investment in industry a practical proposition. And "the

restrictive and coercive powers of the unions must cease. They must be made subject to the same laws as everybody else."

Nobody could tell how long the present world depression would last, "but in this country it is evident that unemployment will increase before it is stabilised or begins to fall."

"Much will depend upon what happens in the U.S., which once again is taking the lead in the world's economic affairs."

Dr. Alan Budd, economic forecasting director of the London Business School, said those who urged the Government to expand demand, cut taxes and/or increase public expenditure seemed to forget what a waste of time those policies were in the past.

"That is why I believe the Government should do nothing, through conventional demand management, to 'batten' the economic recovery. That is also why I believe that the overall policy stance of the Budget was correct. It made no effort to generate demand."

He believed recovery might already have started in some parts of the economy.

A call not to support the Social Democratic new party was given by Mr. Walter Goldsmith, director-general of the Institute of Directors.

Social democrats were not a new phenomenon, "Britain has had 30 years of centre party government under whatever label. They are the people who have presided over our economic and industrial decline."

Mr. Richard Gendall, director of the Vredeling proposals under which transnational companies must give workers more information on company policies likely to affect their wellbeing.

Yet less than 2 per cent of the Community's resources was budgeted in 1980 for industry, research and transport.

Mr. Richard Gendall defended the concept of the Vredeling proposals under which transnational companies must give workers more information on company policies likely to affect their wellbeing.

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Cheque clearing disrupted at Lloyds

By Nick Garnett, Labour Staff

CHEQUE CLEARING and other work at Lloyds Bank's main computer centre at Sampson House, London, was disrupted yesterday by the 24-hour strike over pay by members of the Banking, Insurance and Finance Union.

There was wide gulf, however, on estimates of the effects of the action. The bank said two-thirds of staff worked normally at the centre and most cheques from the banks were taken into the centre.

By late yesterday afternoon, it said 1.1m cheques from its own branches had been processed, although there would be delays in updating accounts. Its cashpoint system was almost totally unaffected.

But the union, which pulled out its clerical staff members with data processing and other staff refusing to cross picket lines, said the bank's figures were a total exaggeration.

"Less than a fifth of staff entered the building, the union said and most of the cheque clearing work was halted. Support among BIFU members was almost total."

The bank is just trying to demoralise members before Thursday's action in Barclays computer centres, said Mr. David Evans, the union's senior London regional organiser.

The union said the bank tried to use a number of tactics to disrupt the clearing, including the use of taxis to carry cheques.

Work was carried out by non-union staff and by members of the Clearing Bank Union.

This led to bitter exchanges between Mr. Leif Mills, BIFU general secretary, and Mr. Jack Britz, CBU general secretary.

The two unions have similar claims of 12 to 13 per cent and have both been offered 10 per cent. The CBU is balloting its members on the offer.

Mr. Britz said of his members: "It would be in their interests to support the call for action in the ballot. But they have to know what that means and they have got to mean it."

He said the banks had taken a "stupid path" and that the dispute would make the banks look like "ogres or fools."

Murray raps 'savage' Budget

THE "SAVAGE and destructive" Budget was an insult and a triumph of dogma over commonsense, Mr. Len Murray, TUC general secretary, said yesterday.

He told a General and Municipal Workers' Union engineering conference in London that before the Budget the Treasury was forecasting a fall in output of 14 per cent this year. Now that figure would be 3 per cent or more.

Civil Service action-day call

By Philip Bassett, Labour Staff

CIVIL SERVICE union leaders yesterday decided on a series of walkouts, demonstrations and rallies on April 1, the due settlement date for the 530,000 white-collar civil servants. The action is likely to disrupt Government services.

The Council of Civil Service Unions urged its 40 local strike co-ordinating committees to prepare plans for action that day, though union leaders were careful not to call the action a strike. Some 60 rallies are already planned, and up to 150 are expected.

The rallies and demonstrations will be asked to pledge support for the action taken so far and sanction any further action necessary to secure an "equitable pay settlement" and the "establishment of an orderly system of pay bargaining, including unfettered arbitration for 1982."

Members will also be asked to contribute half a day's pay to the strike funds, in addition to the levy many are already paying.

Treasury and Civil Service Department officials met yesterday morning to consider the financial effects of the strikes at tax and VAT computer centres. The Treasury officials confirmed the Chancellor's Commons statement that it was too soon to judge the impact on revenue.

However, figures circulating suggest the level of the impact. Some £154m in national insurance contributions is thought to have been banked last week—£14m on the first day, £14m the second, then £1m, £75m and £47m compared to the £131m projected contributions for the period. PAYE revenue banked is thought to be broadly in the same proportions.

Pickets again tried to halt the processing of cheques at Bush House in London, but the picket was switched to an unlisted Ministry of Defence building in Great Marlborough Street when it was thought the Revenue had moved operations.

The Council will today announce more selective action, mainly in Customs and Excise. The main effects of action yesterday included:

- Computer staff at the Department of Employment computer at Runnymede walked out.
- The unions said the strike by 41 operators was indefinite, and that publication of next month's unemployment and Retail Price Index figures would be delayed, or even halted. The Department said the strike might last for only three days more and the effect on economic indicators would depend on the backlog of work.

- Four Scottish Sheriff courts—at Aberdeen, Inverness, Glasgow and Edinburgh—were halted, and the High Court in Glasgow and Court of Sessions in Edinburgh disrupted by a strike by 358 court staff, including those at Paisley and Hamilton Sheriff's courts. The courts were not called out but came out in support.

- Staff working on processing import entries at east coast ports, including Hull and Felixstowe, came out on strike over threatened suspensions of staff, as did staff in Workson.

- Staff at an Inland Revenue local office in north London began a sit-in because of attempts by senior officials to seize payments held up by the strikes.

- Revenue staff in Manchester began a 24-hour picket of the Stockport regional tax office at Apsley House, where it is thought senior staff are processing cheques manually. Several different locations are being used for this.

- All test flights from the Royal Aircraft Establishment at Bedford were halted because of action by 10 civil servants.

- The executive of the staff association at the Bank of England, where some of the special tax payments are being directed, decided yesterday to instruct its members not to handle additional work.

Shipyards pay offer raised to 6.8%

By Pauline Clark, Labour Staff

BRITAIN'S 70,000 shipyard workers were yesterday given an improved pay offer of 6.8 per cent, in response to union demands for pay increases comparable with those of other public sector and state-owned industry workers.

But productivity proposals remained a big obstacle in the negotiations between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions meeting in Newcastle.

The offer also compares with the 8.2 per cent settlement reached for engineers, with whom shipyard workers have in the past compared themselves.

The two sides agreed to adjourn late yesterday evening and are expected to fix a date for further discussions later today. Mr. James Murray, general secretary of the hollermakers' society, said they had been unable to reach a settlement.

The new offer followed rejection of earlier proposals by British Shipbuilders for a 5 per cent deal tied to tough productivity terms aimed at containing losses.

The corporation has won co-operation from the unions in a plan for 2,500 voluntary redundancies in the industry by the end of this month. It is to discuss with union leaders today progress on the plan and the problem of a shortfall so far, believed to be of 600 applications.

Union leaders originally tabled a pay claim which British Shipbuilders estimated to be worth 27 per cent, or £14m a year on the pay bill, two-thirds of the total cash limit allowed for the ailing industry in the new financial year.

BL Cars strike could hit Metro

By Arthur Smith, Midlands Correspondent

A STRIKE from today by 4,000 white-collar workers at BL Cars Longbridge plant, Birmingham, could hit production of the company's successful Metro model.

Employees voted at a mass meeting yesterday for a two-day walk-out in protest at the company's decision to implement 120 compulsory redundancies.

All four staff unions at BL have pledged official backing for any opposition to compulsory redundancies, but the company must expect the Longbridge protest to fizzle out. Voting at the mass meeting was close and a decision on whether to extend the action was put off until Friday.

BL Cars maintains there is no alternative to compulsory redundancies to complete a cut of 4,250 white-collar jobs across the company, announced in August.

Nearly 4,000 employees have already volunteered to leave. In addition to the 120 dismissed yesterday at Longbridge, 130 must go at Cowley, Oxford, and almost 200 at other plants.

The staff unions have taken a hard line on redundancies and imposed sanctions including an overtime ban, from February 9. Mr. Todd Sullivan, national officer of the white-collar section of the Transport and General Workers' Union, said last night that BL already had problems at Longbridge.

Material ordering and the payment of bills was already three weeks behind schedule. BL insisted last night it was impossible to judge how Longbridge production would be affected. Management would cover for absent staff, it was hoped, but could be maintained if staff such as foremen, computer workers and other key personnel were absent.

Extension of industrial relations law opposed

By Our Labour Editor

AN IMPLIED warning against any further restrictive legislation on industrial relations came yesterday from Mr. Pat Lowry in his first public speech since becoming chairman of the Advisory, Conciliation and Arbitration Service.

He cited ACAS's own unhappy experience with the now-repealed law on union recognition as a lesson for those reading the Government's Green Paper on trade union immunities.

An improvement in industrial relations could not be expected until the conflict about the role of law was resolved, he said. At the moment the law was "distracting too many eyes" from the task of preventing a recurrence of "bad old collective bargaining habits" when the country moved out of recession.

Mr. Lowry, formerly head of industrial relations at BL, told a conference in Nottingham that it was management's job to build up workers' commitment to their enterprises. Such a commitment would not be secured with a policy based on "fear, secrecy or authoritarianism," he said.

His remarks suggested that ACAS, although an independent agency, is backing Mr. James Prior's cautious approach to trade union legislation.

Post Office says 20% claim too high

By Nick Garnett and Philip Bassett

THE POST OFFICE told negotiators for the country's 160,000 postal workforce yesterday that their claim for pay rises of 20 per cent was far and above what the corporation could justify.

The management did not make a pay offer though to the Union of Communication Workers, which represents the clerical staff and cleaners covered by the talks.

A further negotiating meeting has been fixed for next week and management representatives said they wanted to study the union's claim and the submissions the union made yesterday.

The union says the claim is based on pay comparisons in and outside the Post Office. It has been partly conditioned by total rises of up to 23 per cent for senior managers. The union stressed the effects of the Budget on wages.

The Post Office, whose wage bill rises £13m for every 1 per cent pay increase will make a single figure offer, but it is not clear yet how low that single figure will be.

Leaders of British Rail's three unions yesterday moved closer to presenting a common front in pay negotiations which will be resumed in the next few weeks.

The three rail unions, which will meet again next week, agreed to consider separating the pay claim from other matters such as investment and productivity. They will also consider giving support for the programme of investment BR is seeking and which it will announce today and consider how best to improve pay and conditions at the same time as maintaining employment.

The unions also agreed to consider the issues at the level in the BR negotiating machinery which deals with individual areas such as freight, locomotives and others, which may allow greater flexibility in negotiations.

The proposals are seen as moves towards the three unions swinging behind a common claim.

The unions have submitted three separate claims, all for substantial increases in line with the prevailing rate of price inflation.

The board has so far not replied to the offer, apart from indicating that some money over and above what is widely expected will be a single figure offer, if the unions were prepared to make further advances on the thorny issue of rail productivity.

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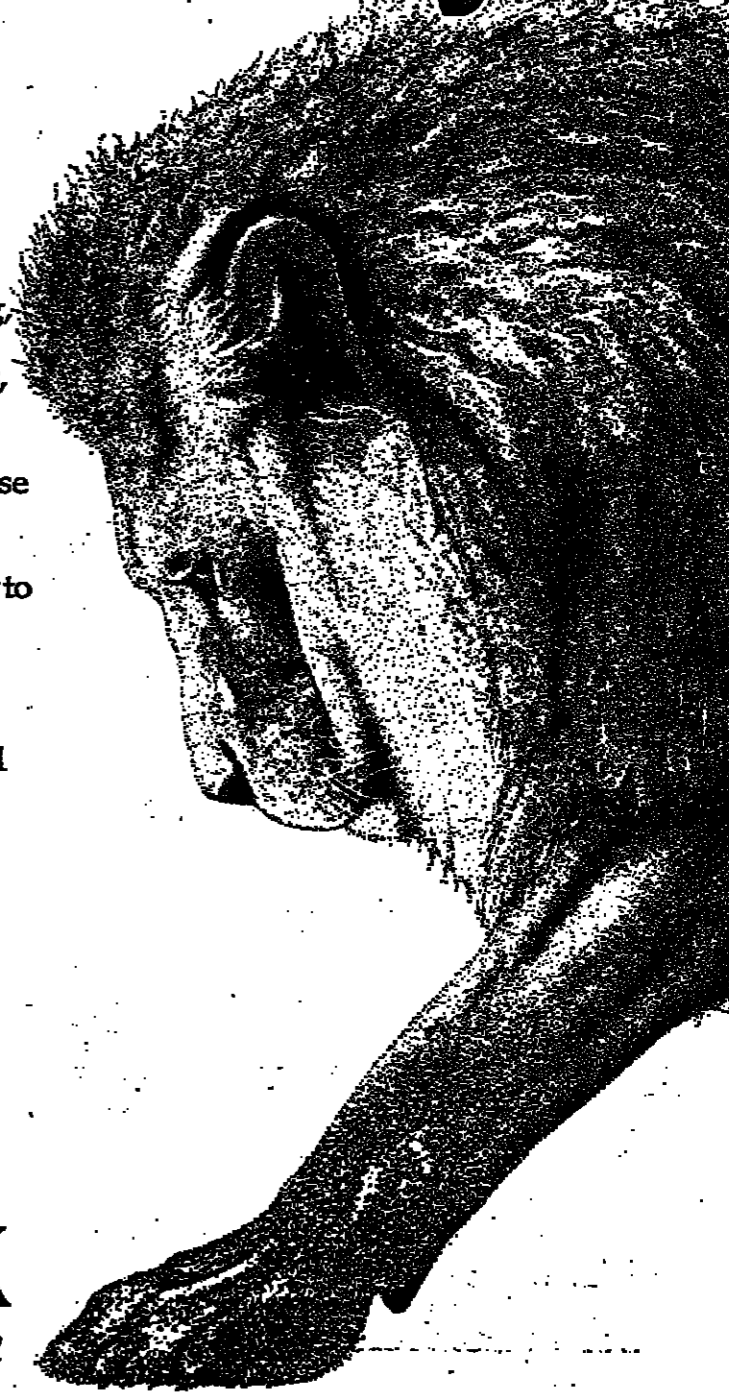
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APPOINTMENTS

David Stevens heads United Newspapers

Mr. David Stevens has been elected non-executive chairman of UNITED NEWSPAPERS following the death earlier this month of Lord Barnetson, chairman and managing director. Aged 44, Mr. Stevens is chairman and managing director of Drayton Montagu and a managing director of Samuel Montagu and Co. He has been a United Newspapers director since 1974. Mr. D. B. Anderson, previously director and group general manager, and Mr. J. G. S. Llaure, managing director of Yorkshire Post Newspapers, have become joint managing directors of United Newspapers.

Mr. Ron Sutherland, Mr. John Spence and Mr. John Wright have been appointed to the board of HILL SAMUEL LIFE ASSURANCE from April 1.

Mr. Martin Harris has been elected to the Board of the DE LA RUE COMPANY as non-executive director and Sir Henry Chilver has retired from the Board. Mr. Harris is deputy chairman of Reckitt and Colman and chairman of Nexos Office Systems. He is also a director of National Westminster Bank, County Bank, Equity and Law and INMOS.

Mr. John G. Taylor has been appointed chief executive of the ROHAN DEVELOPMENTS, the trading company in the UK of Rohan Group. Mr. Taylor was formerly a director of British Land Developments.

Mr. G. A. Hazard is to join the Board of PENTON on April 1. Mr. W. T. Sanders is resigning from the Board at the end of this month to take up an appointment abroad.

Mr. David H. I. Jenkins, former general sales manager of Michelin Tyre Company has been appointed sales director of KWIK-FIT-EURO from April 1.

Lord Mals and Mr. J. S. Brown have joined the Board of AVENUE CLOSE as chairman and managing director, respectively. Mr. A. J. Adams, Sir Charles Ball, Mr. D. Chance and Sir William Harris are also members of the Board. Mr. J. Julius, Mr. C. Julius, Mr. J. Goodkind, Mr. R. Willis and Mr. H. B. Alvarez have resigned their directorships. The changes follow the acquisition of the company by Peachey Property Corporation.

Mr. Robert Bould, deputy general manager of YORKSHIRE BANK, will retire on March 27. Mr. Eric Robinson has been appointed assistant general manager (administration).

Mr. A. D. Scott, formerly director of consumer credit at the Office of Fair Trading, has been appointed chief executive and member of the Board of CoSIRA (Council for Small Industries in Rural Areas). He will assume responsibility from March 30, on the retirement of Mr. E. P. Dabell.

Mr. David G. Brooks, Mr. Peter L. Hogarth and Mr. John R. White are to be admitted to the partnership in London of THOMSON MCINTOCK AND CO. from April 1. Mr. Stephen J. Bell becomes an associate on that date.

Mr. P. N. Nigel Turner, vice-president in charge of UK corporate lending, is to become deputy general manager at the

London branch of the NORTH-ERN TRUST COMPANY. He is replacing Mr. C. W. Ross, who is returning to Chicago to take general responsibility for loan syndication and the co-ordination of special industry lending in the international department. Mr. James M. McMenamin will become responsible for Finland, Norway, Sweden and the bank's ship-financing. The appointments become fully effective on July 1.

Mr. Sidney S. Lumley has been elected national president of the WHOLESALE CONFECTIONERS ALLIANCE.

Mr. Bill Moody has been appointed managing director of MANSON AND MOODY, the newly-formed insurance broking subsidiary of Manson Finance Trust. Mr. Moody was previously with C. T. Bowring and Co.

Mr. Iain A. McKay has been appointed vice chairman of MCKAY SECURITIES.

Mr. Gordon Dawson and Mr. Robert L. Lickley, both past presidents of the Institution of Mechanical Engineers, will join the Board of PROUDE ENGINEERING, a member of the Redman Heenan International group, as non-executive directors from April 1.

Mr. Alan Wolitz has been appointed managing director and Mr. John Forsyth, deputy managing director, of LRC INTERNATIONAL. Mr. Wolitz is president of the North American division and has been the group's chief operating officer since November 1979. Mr. Forsyth is managing director, LRC Europe.

Mr. David Byssouth has been appointed managing director of STERLING HEALTH, a division of Sterling-Winthrop Group. He joined the group in 1962 and has held a series of financial management positions. Mr. Byssouth became a director and general manager of Sterling Health in 1977.

Mr. Gordon Sherry has become chairman of the FEDERATION OF PROFESSIONAL OFFICERS' ASSOCIATIONS. Mr. Donald Campbell is senior vice-chairman and Mr. Ian Smith, vice-chairman.

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This advertisement is issued in connection with the Placing by Tring Hall Securities Limited of 1,100,000 Ordinary Shares of 20p each at 30p per Share in Euroflame Holdings p.l.c. ("the Company").

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UK NEWS - PARLIAMENT and POLITICS

Prior denies report claiming forecasts predict 3½m jobless

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR JAMES PRIOR, Employment Secretary, yesterday denied a report which claimed that Treasury forecasts indicate unemployment passing the 3½m mark by 1983.

Answering questions in the Commons, he came in for strong Labour criticisms over the latest jobless figures.

Mr Prior defended the Government's policies and Mr William Whitelaw, standing in for the Prime Minister, emphasised that a reduction in inflation was the best way to get unemployment down.

But Mr Whitelaw seemed annoyed by remarks which Mr Prior had made earlier in the day when he was interviewed on BBC Radio about the latest figures.

Mr David Steel, Liberal leader, said Mr Prior had told the interviewer that he was constantly raising the question of unemployment in Cabinet. Mr Steel wondered if it could be arranged for Mr Prior to have a more sympathetic hearing at Cabinet meetings.

In an implied snub to Mr Prior, Mr Whitelaw replied: "My Rt Hon. friend has always had a sympathetic hearing. What people do or don't raise in Cabinet is a matter for members of the Cabinet and no one else."

Mr Prior told the House that on March 12, the provisional number of unemployed in the UK was 2,484,712, a seasonally adjusted rise of 77,000. This indicated that the rate of increase in recent months was slower than at the end of last year. But despite this better trend, the Government remained deeply concerned at the rapid increase and the high level.

Mr David Winnick (Lab., Walsall North) said the increase was "an appalling indictment of this bankrupt Government." He asked whether it was true that the Treasury has forecast unemployment over 3½m by 1983 and he wondered how long Mr Prior would go along with such "disastrous policies."

Mr Prior bluntly replied that the Treasury had not forecast this figure. Nevertheless, the figures were still serious and whether or not we could get out of unemployment quickly depended very much on the state of world recession.

Mr Jim Marshall (Lab., Leicester South) asked how many jobs would be destroyed by the Budget speech.

The Employment Secretary replied: "It is certainly not necessary for any further jobs to be destroyed as a result of the Budget speech."

He said that the reduction in interest rates was in line with Government policies and could well result in more jobs becoming available.

A Conservative backbencher, Mr Ray Whitney (Wycombe) wondered how much trade union practices had contributed to the present level of unemployment. He asked whether further legislation would be introduced in the next Queen's Speech as a result of the Green Paper reviewing trade union immunities.

Mr Prior told him it was not only a matter of trade union practices but a lot of other practices for which Government and management must take their share of responsibility over a period of 20 years or so.

We could not go on paying ourselves more and more money for very little extra work. Over the past 10 years output had increased by 1 per cent a year and during that period we had paid ourselves 320 per cent more money. That was the way to more unemployment and ruin.

Mr Eric Varley, Labour's employment spokesman, asked when Mr Prior expected unemployment to fall to the level which the Tories inherited from the Labour Government. He maintained that the Government's economic policies were in ruins and thought it likely that unemployment would be well over 3½m by the end of the present Parliament.

Mr Prior retorted: "It is totally incorrect to say that Government policy is not succeeding."

Sir Roger Hollis dubbed a 'Soviet knight' by MP

FORMER director general of MI5, the late Sir Roger Hollis, was dubbed a 'Soviet knight' in the Commons yesterday.

Forty-eight hours before Mrs Thatcher was scheduled to make a statement to MPs on claims that the secret services chief worked for the Russians, Mr Arthur Lewis (Lab., Newham North West) linked Sir Roger's name with Soviet spy Mr. Anthony Blunt.

But the Commons exchanges were cut short by the speaker, Mr George Thomas.

Mr Lewis had chosen questions to the Employment department to mention Sir Roger's name. The speaker ruled that the issue did not arise during the session on the jobs.

But Mr Arthur Lewis was anxious to be told: "How much money has been spent in giving an education to the various Soviet knights like Sir Anthony Blunt and Sir Roger Hollis?"

"They seem to be getting good educations and they seem to be getting good knighthoods. How much money do they get?" he asked.

Mr David Waddington, Employment Under-Secretary rose to reply but was interrupted by the speaker.

When Mr Lewis protested, the speaker told him he would allow him to raise any complaint at the end of question time. Mr Lewis did not take up the offer.

Today in Parliament

Commons—Local Government (Miscellaneous Provisions) Scotland, Bill, remaining stages. Ports (Financial Assistance) Bill, second reading. Transport Boards (Adjustment of Payments) Order.

Lords—Short debate on problems of British agriculture. Short debate on closed shop policies of some local authorities. Marriage (Enabling) Bill, committee. Short debate on greater economic co-operation in East and Southern Africa.

Select committees—Armed Forces Bill. Witnesses: Ministry of Defence officials. 10.30 am. Room 8. Education. Subject: Science policy. Witnesses: Mr Norman Tebbit, Minister of State for Industry, Mr Neil Macfarlane, Under Secretary for Education. 10.30 am. Room 6. Foreign Affairs. Subject: Gibraltar and UK relations with Spain. Witnesses: Professor Allen, Ministry of Defence officials. 10.30 am. Room 15. Scottish: Subject:

Youth Unemployment in Scotland. Witnesses: Scottish Economic Planning Department, Manpower Services Commission. 10.30 am. Room 5. Industry and Trade. Subject: British Steel Corporation's plan. Witnesses: Officials from Department of Industry. 10.45 am. Room 6. Public Accounts. Subject: Autonomy of National Health Service authorities. Witnesses: Sir Patrick Nairne, Permanent Secretary, Department of Health, Mr A. L. Rennie, Secretary of Scottish Home and Health Department. (Mr I. P. Hughes, Permanent Secretary, Welsh Office. 4 pm. Room 18. Social Services. Subject: Medical education. Witnesses: Lord Richardson and Sir Stanley Clayton, Chairman of Advisory Committee on Distinction Awards. 4 pm. Room 21. Treasury and Civil Service. Subject: Budget and Government's expenditure plans 1981-83 and 1983-84. Witnesses: Sir Geoffrey Howe, Chancellor of the Exchequer. 4.30 pm. Room 15.

Smith says he will oppose close link with Democrats

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

STRAINS BEGAN emerging yesterday in the fugitive alliance between the Liberals and the Social Democrats. With only two days to go before the Social Democrats formally launch themselves as a fully fledged political party, Mr Cyril Smith, the independent minded Liberal MP for Rochdale, warned Mr David Steel, Liberal leader, that he would oppose any move to bind the Liberals too closely to the Social Democrats.

As a protest, he refused to join other Liberals in opposing an unsuccessful bid by Labour Left-winger to embarrass the Social Democrats at Westminster.

The argument could well be indicative of the kind of trouble Mr Steel will have at his party conference this year in selling an alliance with the Social Democrats. It therefore injects a slightly sour note into the otherwise euphoric atmosphere surrounding tomorrow's launch.

Mr Smith, who has always been the Liberal MP most suspicious of pacts, saw Mr Steel yesterday afternoon to express his worry about the way things seem to be developing.

In particular, he was alarmed by Mr Steel's suggestion on television the night before that the Liberals and Social Democrats might eventually be able to agree on candidates acceptable to both parties.

He warned Mr Steel that he was very unhappy about the idea and told him he was sure many Liberal party members would share his views.

He also told Mr Steel he was worried about the speed at which an agreement seemed to be emerging, and expressed concern at the prospect of the Liberal conference being confronted with a fait accompli.

Mr Smith showed the Liberal leader a draft of a speech he intends making tonight, warning of the dangers of being too helpful to the Social Democrats.

When the idea of co-operation with the Social Democrats was first mooted, Mr Smith said the new party should be "strangled at birth."

Since then, he has seemed to have dropped some of his hostility. Yesterday, he apparently agreed that it would be to the advantage of both parties not



Smith: Steel going too far talking of candidates standing under joint banner

Wrigglesworth: The Bill was an attempt by Labour Left to impose their views

to compete with each other but he made it clear that Mr Steel was, in his view, going too far when he talked of candidates standing under the joint banner

of the Liberal and Social Democratic Party.

Mr Smith also refused to toe the Liberal line on the attempt by Mr Dennis Canavan (Lab.

Stirlingshire W) to focus attention on the anomalous position of the 14 Social Democratic MPs. Mr Smith joined Labour MPs in voting for the Bill which was aimed at disqualifying MPs who change parties.

The Bill, which could never have got beyond the realm of gesture politics, even if it had been passed, was defeated by 166 votes to 142 with the help of the votes of Tory backbenchers and the rest of the Liberals.

The Social Democrats themselves conspicuously abstained, on the grounds they had a vested interest, while Mr Michael Foot, Labour leader, joined other Labour MPs in backing Mr Canavan.

Urging MPs to support his Bill, Mr Canavan said that the Social Democrats were "phony democrats". They were, he claimed, both "anti-social and anti-democratic" and they were bringing Parliament into disrepute. He accused Mr Roy Jenkins, founder member of the new party, of being an enemy of Parliamentary democracy.

Mr Canavan argued that it

was incumbent upon them to resign and fight by-elections. But he predicted that if it did, they would stand no chance whatever of being elected. The majority of Labour vote in this country, he said, had no time for "defectors, tu coats and traitors."

The Bill was opposed by 1 Ian Wrigglesworth, the Social Democratic MP for Teesside Thorneby, who claimed that represented yet another attempt by the Labour Left to impose the views of the party over the views of the party over the wider electorate. It was, he said, "a case of my party right or wrong."

Mr Canavan was trying to "shackle MPs."

Mr Jack Richardson, Labour councillor in Newcastle upon Tyne, resigned from the party yesterday to join the Council for Social Democrats, a move which threatens Labour control of the council.

Labour holds 43 seats again 35 held by the opposition parties. But illness and 1 elections mean the over working majority is only 1 so a very small number defections would put the Labour group in a minority position

Lloyd's MPs to abstain on own Bill

By Elinor Goodman, Lobby Correspondent

THE LLOYD'S Members at Westminster have agreed not to vote on the Lloyd's Bill which was due to have its second reading in the Commons last night.

The 53 MPs who belong to Lloyd's of London are, to abstain on the Bill throughout its passage through Parliament on the grounds that they might be said to have a vested interest in the Bill, which is aimed at improving self-regulation within the insurance market.

Sir Graham Page, the Conservative MP for Crosby who is steering the Bill through Parliament, seemed confident yesterday afternoon, however, that the Bill would get through without the votes of the Lloyd's members.

As a Public Bill, the main parties will not be formally instructing their MPs on how to vote, but the great majority of Conservative MPs look like supporting it.

The question of whether Lloyd's members should vote on the Bill was raised as a point of order yesterday by Mr Jack Straw, the Labour MP for Blackburn and a Labour front-bench spokesman on the Treasury.

He said it was "self evident" that the MPs who were members of Lloyd's had an interest in the Bill and that they should not therefore vote on it.

Sir Graham rose immediately afterwards to say that if there was any doubt about it, the Lloyd's members would abstain.

Labour attacks cuts in overseas aid

THE GOVERNMENT is to give Zimbabwe an additional \$25m worth of aid, Mr Neil Marten, Overseas Development Minister, told the Commons yesterday.

He was answering an Opposition attack on cuts in aid, during which Mrs Thatcher was accused by Opposition spokesman Mr Guy Barnett of being "ignorant, mean and selfish" towards helping the poor countries of the world.

The Opposition attacked the Government for cutting overseas aid by 15 per cent in two years, and the Prime Minister personally for describing overseas aid as "hand outs."

"The dominance of the Prime Minister over the Government has resulted in aid policy that is characterised by ignorance, meanness and selfishness," said Mr Barnett.

It was clear from Mrs Thatcher's "Freudian slip" when she referred to aid as hand outs, that she just did not care enough about poor countries.

Mr Marten claimed developing countries helped by Britain actually approved of the cuts in aid.

ASTMS accuses Tories of breaching redundancy rule

BY CHRISTIAN TYLER, LABOUR EDITOR

The Conservative Party is being accused by a white-collar union of breaching its own Government's regulations on redundancy.

The Association of Scientific, Technical and Managerial Staffs has lodged a case with an industrial tribunal over the dismissal of 40 Conservative Central Office employees who were declared redundant two weeks ago.

According to an ASTMS official yesterday the Party failed to consult the union, which represents six of those affected in Smith Square.

London, and failed to observe the 30 days' notice required in cases where more than ten workers are involved.

Mr Chris Ball, London divisional officer of ASTMS, also said there had been no systematic selection.

As well as bringing an action in its own name in the hope of securing compensation, perhaps for all 40—the union is advising its six members to sue for unfair dismissal.

The staff reduction of 40 out of the 400 employed in Smith Square and 10 other

offices around the country was announced by Lord Thorneycroft, party chairman, on March 12. He said the redundancies were necessary to cut costs.

Mr Ball claimed the employees were told informally the day before and the redundancies started taking effect the day after the public announcement.

"We look forward with indignation to hearing Lord Thorneycroft justify the party's disregard of its obligations as an employer. Perhaps they should invite the Employment Secretary,

James Prier, to give evidence as an expert witness, he said. Last October the Government reduced the period of notice required in such cases from 60 to 30 days as part of the Employment Act. The Act specifies that consultation must take place even if only one employee is made redundant. Thirty days' notice is required if there are ten or more affected at an establishment.

The Central Office was able to say how many of the made redundant had been employed at Smith Square. "I don't think we can comment until we know official figures," he said.

Opposition steps up pressure for probe into Observer sale

BY MARGARET VAN HATTEM, LOBBY STAFF

THE GAME of cat and mouse over the proposed sale of The Observer took a new turn yesterday when the Opposition revealed a technical loophole in which they hoped to catch the prospective buyer, Mr. Tiny Rowland.

The Opposition is stepping up pressure on Mr John Biffen, the Trade Secretary, to refer the deal to the Monopolies and Mergers Commission.

The terms of the Fair Trading Act require such a referral if Mr Rowland can be considered a newspaper proprietor and if the paper in question is, economically viable or in no immediate danger of closing.

Mr Rowland's bid for the paper was originally made through Lomrho, of which he is chief executive and in which he holds a 17 per cent stake. Lomrho already has substantial newspaper holdings.

However, last week this offer was dropped and Mr Rowland acting as an individual put in a new bid. Mr Rowland claims he is not a newspaper proprietor, and that therefore the deal does not need to be referred.

But Mr John Smith, the Opposition trade spokesman, claimed yesterday that Mr Rowland's association with Atlantic Richfield, the present owners of The Observer, made him, in effect, a newspaper proprietor.

The Act states: "Associated persons and any bodies corporate which they or any of them control shall be treated as one person." It continues: "Any two or more persons acting together to secure or exercise control of a body corporate or other association, or to secure control of any enterprise or assets, shall be regarded as associated with one another."

Mr Smith said yesterday: "In so far as Tiny Rowland has apparently entered into a deal with Atlantic Richfield to acquire half The Observer, he is acting together with them to secure control of the enterprise."

Mr Smith said the Opposition did not intend to press the argument that Mr Rowland's interest in Lomrho might also qualify him as a newspaper proprietor, nor the argument that having acted for Lomrho,

he might be ineligible to act as an individual in this deal.

The Opposition would concentrate on the argument that by acting with Atlantic Richfield, he was a proprietor by association of The Observer.

Legal experts last night expressed surprise over Mr Rowland's choice of argument and expressed doubts about the validity of the latter argument. They suggested that if Mr Rowland were already, by association, a proprietor of The Observer, then the proposed sale could not be regarded as affecting the control of the newspaper.

However, they expressed respect for the opinions of Professor L. C. B. Gower, who first put forward this particular argument.

Mr Smith indicated that his priority was to get an early statement from the Government on whether it considered referral to the Monopolies and Mergers Commission to be necessary. Failure to make such a statement might, he suggested, open the door for Mr Rowland simply to walk in and take control of the paper.

Move on funding Welsh TV service

BY ROBIN REEVES, WELSH CORRESPONDENT

ITV COMPANIES are pressing the Government to alter the method of financing the 22 hours-a-week Welsh language television service planned on the new Fourth Channel in Wales.

Sir Denis Forman, Granada's joint managing director, said yesterday.

He told the Commons Select Committee on Welsh Affairs that discussions were underway with the Home Office aimed at persuading the Government to deduct the £15m ITV contribution towards the cost of the Welsh service from the Treasury's television profits levy—rather than as a subscription from all the ITV companies.

Speaking for the Independent Television Companies Association, Sir Denis refuted a suggestion from Mr. Leo Abse (Lab., Pontypool), the committee chairman, that they were guilty of "commercial ineptitude."

Mr Abse said the companies had bid for renewal of their commercial broadcasting franchises last year knowing they would be obliged to contribute towards the cost of the Welsh Service, but were now complaining this would be the last straw that broke the camel's back.

"I am astonished to find some of the toughest commercial minds in Britain now bitterly complaining about the terms of a bargain because it has not worked out as they would have liked," Mr Abse said.

Sir Denis said they had not been told, until December 28 last year, that the Welsh channel would involve an additional subscription.

Up to that time, the ITV companies had been led to believe that if the Welsh channel cost could not be contained within their proposed £70m subscription for the UK fourth channel, then the burden would be alleviated from the Treasury's profits levy.

An additional straw to you looks, to us, like a heavy pipe, at a time when we fear for our companies' futures," Sir Denis said.

"We are saying that the cost of the Welsh service should be a 100 per cent charge against the levy which means that Treasury pays, not the companies," he declared.

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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CAME

Pira's 'hot line' to send firms packing

THE DEPARTMENT of Industry is helping Pira, the packaging industry research association, launch a trouble shooting telephone advisory service to help small companies solve their packaging problems.

The service, known as the "Packaging Hot Line," will be headed by Ron Godard, a Pira packaging consultant. It will be available at no extra cost to Pira's 250 members, but to break even, Pira is looking for up to 500 additional subscribers.

The annual subscription to the new service (£80 plus VAT) has been kept as low as possible so that it will be attractive to even the smallest firms. Pira believes that it will appeal particularly to small contract packers of fast moving consumer products, who have no technical back-up of their own. The typical inquiry could be

from a packer having difficulties running a certain type of packaging machine. A call to the Pira inquiry desk, manned full time during normal hours, will provide instant advice. The purpose of the service is to provide help on packaging problems that cannot afford to wait. If demand on the service becomes too great it will be restricted to dealing with emergencies and breakdowns.

On occasions where a problem cannot be resolved over the telephone, Pira will either visit the firm or undertake laboratory work. This will be charged as a normal consultancy job. Further information is available from Harry Wheeler, director, packaging division, Pira, Randalls Road, Leatherhead, Surrey KT22 7RU. Telephone: Leatherhead 76161.

WILLIAM HALL

Dictaphone wp debut

DICTAPHONE is the latest company to venture into the already crowded UK word processing market.

Last week it launched the British version of a word processing system released on the U.S. market last year.

It costs £8,513 in simplest form—screen, keyboard, dual floppy disc drive and printer—very much at the top end of the market, but Dictaphone claims the price includes all the necessary software, together with operator and supervisor training and support.

Comparisons are difficult, but

an IBM Screenwriter costs £4,875 in basic form; software packages to run the system can only be rented at upwards of £9 a month.

IBM reckons a cost of about £5,000 a station for a multi-user system. The Dictaphone system has a full A4 sized screen and a second single line display mounted on the keyboard. It enables the company to offer subsidiary keyboards at a cost of only £1,300 each, making it possible to assemble a cheap multiuser system. Further full screens come at £2,000 a time. Dictaphone is on 01-903 1477.

Using lasers to look into an inferno

BY DAVID FISHLOCK, SCIENCE EDITOR

AN ATTEMPT to peer into the heart of a chemical reactor while it is working is to be made by scientists at Harwell, using a grant of £150,000 from the Department of Industry this year. This is the latest step in a programme towards which the government has already contributed more than £2m, in the quest for a world-beating diagnostic technique for engines of every kind.

Harwell's ICE (Internal Combustion Engine) project began four years ago, as an attempt to study the chemistry and aerodynamics of internal combustion engines with lasers. Laser diagnostics was already a highly developed technology in turbo-nuclear fusion experiments. For ICE the challenge was to penetrate a small reaction chamber without interfering with conditions inside.

The problems were daunting for, as Dr Barry Dale of Harwell's engineering sciences division, now in charge of ICE, puts it, the scientists were trying to peer through a smoky explosion, extremely hostile to instrumentation. But inside a year they had opened a window

into a working petrol engine and followed the air patterns as it fired. Soon after they also gained access to the combustion chamber of a diesel engine, and learned how to follow the motion of droplets of fuel, and measure gas composition.

All this had been done with variations on three uses of lasers: laser anemometry, laser

the speed with which gases move, and their turbulence. Laser scattering enables them to measure particle size, for example of fuel droplets, and how it varies. Raman scattering—newest of the laser diagnostic techniques, just leaving the laboratory—allows them to measure changing temperature and composition of the gas

right into corners of the combustion chamber. An early success of ICE was its demonstration to Perkins Engines that a diesel engine was making for tractors generated a vortex which tracked across the head of the cylinder as the cycle progressed, while the injected fuel was focused at one point. Such a design was

In our third report on industrial research at Harwell, ways of looking at the heart of a working internal combustion engine are considered.

scattering and laser Raman spectroscopy. All three techniques have since been used experimentally on production-line engines to show "that the correlation between an ideal engine and a real engine is remarkably poor," alleges Dr. Dale. This provides the incentive to apply the technique to other engines, such as gas turbines—where access is likely to be much more difficult—and to chemical and catalytic reactors.

Laser doppler anemometry allows the scientists to measure

mixture. Between the three, they can now build up a remarkably detailed picture of events in an inferno.

Still more to the point, ICE has demonstrated its techniques on engines in test cells out in the motor industry. To adapt the engines calls for nothing more than the insertion of a transparent plug as a "window" for laser light. More recently such plugs have shrunk as small as a 6 mm tapped hole into which can be screwed optical fibre to carry the laser beam. In this way the laser can poke

obviously less than fully efficient.

Inefficient combustion can have a dramatic effect on engine performance. Laser diagnostics, on the other hand, have no difficulty in penetrating sooty windows or ports smeared with oily films—the byproducts of inefficiency. And the technique is unaffected by considerable vibration.

The results of the ICE project promise major advances in the design of engines for more efficient combustion, better control of exhaust pollutants, and

the tolerance of a wider variety of fuels. Currently, ICE is attempting to automate its technique into a robust instrument package in a project which has the support of the Department of Industry's mechanical engineering and machine tools requirement board.

The idea is to develop a modular system from which the customer can assemble an instrument to his particular requirements. The instrument is backed by a computer to drive the engine to a target programme and to collect and sort out the data. It includes a TV camera for remote surveillance of the engine and instrumentation in the test cell. In this way, says Dr. Dale, an engine can be programmed for a week's uninterrupted work at a stretch.

The ICE programme is being steered by two consortia of industrial companies, one for petrol and the other for diesel diagnosis. The petrol engine consortium includes BL Cars, British Petroleum, Esso, and Ricardo; the diesel consortium includes ICI, Leyland, Vehicles, Perkins Engines, Ricardo and Rolls-Royce. Mem-

bers of each consortium contribute £100,000 a year between them to the ICE programme. But the main tranche of money for laser diagnostics, about £500,000 a year for the past four years, has come from the Department of Industry.

ICE has now developed its automated laser instrumentation to a point where it expects shortly to go out to tender. It estimates the likely cost of a complete system in the range £80,000-£100,000. Several UK instrument companies have already indicated an interest in making the system.

The plan is that Harwell itself will place orders initially with the successful manufacturer for commercial instruments which ICE will then lease to British companies.

for building products, heat exchange, fluid power, general engineering, zip fasteners, refined and wrought metals.

IMI Limited, Birmingham, England

NEWS IN BRIEF

LUBRICANTS

NON-FLAMMABILITY, chemical inertness and thermal stability through a temperature range of -40 to +260 deg C are the advantages claimed for a long life substitute for industrial grease put on the market by Oxy Metal Industries (GB) of Forsyth Road, Sheerwater, Woking, Surrey (04862 5971).

Called Fisorolube, the product uses short chain linear polymers of trifluorovinyl chloride and is available in oil and grease form through 11 viscosity grades.

Use of these lubricants in the aerospace, medical, nuclear and other industries says the company, has already eliminated the risk of lubricant-related explosion and fire and has significantly lengthened maintenance intervals.

Engineering applications include continuous motion components in items such as pumps and engines, medical equipment, heavy industry and most hot industrial environments. But the thermal and inert properties also render the lubricant useful in chemical, plastics and explosives industries—where, for example, compatibility with oxygen, chlorine and similar active chemicals is needed.

COMPONENTS

INTENDED for various heat exchange duties with liquids or gases, a type of integrally finned copper tube, known as Integron, developed by IMI Yorkshire Imperial, PO Box 166, Leeds (0532 701107), is available in a wide range of bores and several alternative heights of fin; 1.5 mm on 1.25 mm pitch; 3 mm on 2.3 mm pitch; or a range between 6 mm and 9 mm on the same 3.5 mm pitch.

The integral fins, which are roll-formed from the wall of the copper tube, are claimed to permit the design and production of more compact and less costly coils where these are required for special duties. Unlike tubing with mechanically applied fins, Integron is claimed to be easily formed and coiled without excessive distortion.

A corrugated inner surface, which improves heat transfer, also helps to minimise cross-sectional distortion during bending while tight bends and coils can be made without the need to support the tube bore and with negligible effect on flow efficiency, says IMI.

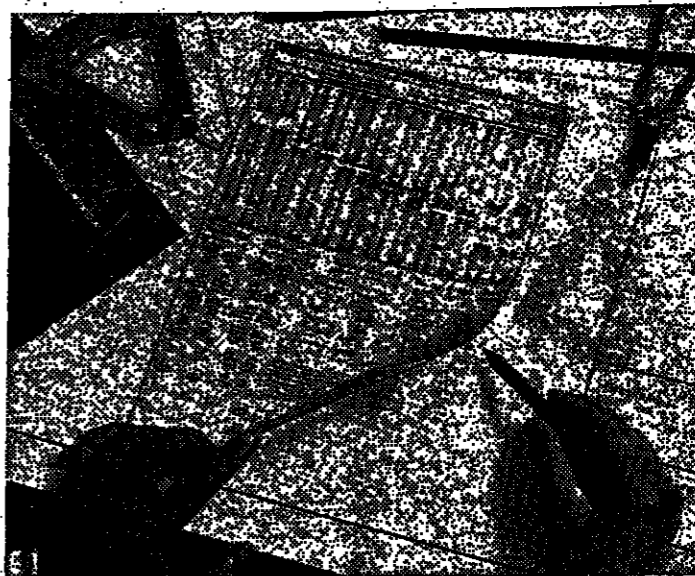


ROOF REPAIR

A METHOD of repairing old slate or tile roofs from inside buildings and without incurring the cost of stripping and re-laying or retiling has been developed by Roof-Bond (Petersfield), Empshott, Liss, Hants (04307 600). It involves fixing a small fire-retardant polyurethane block to the underside of each slate and to the roof batten, using a polyester resin as the adhesive agent.

SCREEN WIPER

WHAT is claimed to be the first windscreen wiper unit with four delay periods for rainfalls ranging from a brief light drizzle to a downpour, has been introduced by Thomas Electronics, Garrison Works, Stockport, Cheshire (0863 45500). It is designed for commercial vehicles with a 24V electrical system, though it can be adapted to a 12V system on private cars. The blades can be pre-set to operate continuously or at intervals of three, six, 11 or 16 seconds. The system is claimed to reduce the risk of motor failure caused by blades rubbing on a partly dry screen.



TRANSFERS

A TECHNIQUE claimed to be the first dry transfer system specially designed for the drawing office has been developed by Hons International (UK), 101 St. Martin's Lane, London WC2 (01-596 4400). The dry transfers, called Honsdraft, are used like conventional instant lettering. When transferred to tracing paper or drafting film, however, a Honsdraft is claimed

to become as permanent as drafting ink.

Another advantage is that transfers can be drawn across in pencil or with a drafting pen without fracturing the lines of the image, says Hons. Honsdraft comprises part of a new specifying and drafting system, known as Honsfile, which will be issued free to architects and other specifiers next June. The first file will cover building components.

QUALITY CONTROL

DESIGNED for the on-the-spot detection of cracks in heavy metal castings is a lightweight (430 grammes) ultra-violet lamp introduced by Rocol, Swillington, Leeds LS26 (0532 866511). Measuring 250 mm by 80 mm by 60 mm, the lamp unit contains six nickel cadmium batteries

claimed to allow about one hour's continuous use before recharging.

The ultra violet light shines with a high intensity on the surface of the work-piece equivalent to a 100W conventional lamp placed 900 mm from the point of inspection, says Rocol. The lamp is supplied with a detachable close-viewing hood for the 30 m by 40 mm inspection area.

MACHINE

DURABLE BUILDING board claimed to be equally suitable for external cladding or internal lining in places where damage is likely to occur, introduced by Sheffield Insulation Systems, Ruitland Road, Sheffield (0742 72281), is a laminate of closed-cell extruded polystyrene and an asbestos-free board manufactured by Cape Boards and Panels under the name Masterclad.

The new laminate, known as Styroclad, is supplied in a standard size, 1200 mm by 2400 mm, though sizes up to 1220 mm by 3,050 mm can be produced to special order. Styroclad boards can be supplied with Masterclad facings 4.5 mm (standard), 6 mm, 9 mm or 12 mm thick. The extruded polystyrene part of the laminate can either be 25 mm or 50 mm thick.

GAS CHECK

PORTABLE GAS and combustible hydrocarbon detectors CGS-5M and 10M provide a direct meter display of concentration at the flick of a switch.

The second instrument, CGS-10M, is also able to carry out constant monitoring for oxygen deficiency and a continuous alarm is triggered if the oxygen percentage drops below a preset amount.

Designed to provide rugged and dependable operation in field conditions, the units sample gas using a convection/induction process, obviating use of pumps, tubes or squeeze bulbs. The catalytic sensor used lasts for more than three years in normal use and a seven ampere-hour nickel-cadmium battery gives seven to 10 hours of continuous monitoring. The instruments are available from Rotherne and Mitchell, Victoria Road, Ruislip, Middlesex (01-442 9711).

MATERIALS

CLAIMED to simplify the application of spray-on metal coatings, a self-bonding material introduced by Metco, Chesham, Woking, Surrey (099 05 7121), can be applied by a standard flame-spray gun. Known as Metco 402, it is a nickel-aluminum-iron composite wire claimed to produce thin, even coatings which are resistant to both wear and oxidation.

An exothermic reaction which takes place during spraying is claimed to give a high initial bond strength, efficient inter-particle bonding and low porosity. Thin coatings up to 2 mm can be applied to most metals or alloys except high copper, molybdenum or tungsten alloys, says Metco.

BINDING

NAMED the Easi-Bind presentation system, a desk-top thermal binder introduced by Midland Binding Machines, Heanor, Derbyshire (07737 61341) is claimed to provide a simple and economical method of binding loose sheets of paper into a permanent form with every page opening flat. It binds from two to 400 sheets in less than 30 seconds, the company claims. A range of cover boards, plain, clear-fronted or over-printed with the user's name and logo, is also available.

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FINANCIAL TIMES SURVEY

Wednesday March 25 1981

Often emulated
but never
surpassedBY ANTHONY MORETON
REGIONAL AFFAIRS EDITOR

AMONG THE world's great cities London has a special place. Others may have predated it as centres of trade and commerce and culture—Athens, Alexandria, Florence, Rome come to mind—but London was the first of the great modern cities, basing its wealth, power and influence on conditions around the world.

The great thing about London, and in particular about the City at its heart, was that it grew in response to international considerations rather than national ones. The word London was as much on people's lips in the New World as the Old.

Great cities are also the sum of their parts and London is particularly prominent, perhaps uniquely so, by its parts being known world-wide too. No city, certainly none outside the English-speaking world, is as well known for its communities—Soho, Knightsbridge, Kensington, the Angel, Piccadilly, Mayfair, Belgravia and, of course, the City. Perhaps New York can emulate it, but none can surpass it.

Gunshot

This greatness reached its apotheosis in the century which ended in August, 1914. The Serbo-Croatian gunshot which brought that era to an end ushered in the age of the New World. Power and influence crossed the Atlantic at the same time as the waves of immigrants were leaving Europe.

The economic indicators show that that power had been growing for the previous 30 or 40 years but it was only with the fratricidal struggle in the mud of Flanders that New York leaped ahead of London. Hitler's war two decades later merely confirmed what had become apparent but not acknowledged.

But it did house a host of small, specialist industries such as clocks, jewellery, glass, wood and cork and trades, such as fur dealing, which were able to operate in confined spaces and which, coincidentally, were able to tap the pool of essentially creative immigrants. The railways brought this to an end. The worker was no longer restricted to his work-



A new London is slowly emerging that will cater for the needs of the 21st century. Politicians and businessmen are pursuing policies that will put new impetus into industrial life, halt the decline in its population and underline its position forged over centuries as one of the world's greatest cities.

place and the age of the commuter replaced that of the community. The railways had a voracious appetite: the City alone housed six main-line stations and the competition to obtain land in the face of an obstructive parliament was intense and expensive.

Rising costs squeezed out the small men and London went up in step with prices, though the skyscraper city did not arrive until after the Second World War. As London was redeveloped so office life became more important. And as it became more important so it became increasingly a place where top decisions were taken.

The direction of British industrial life moved from the centres of production to the capital, thus bringing it nearer to, and necessarily more involved with, the legislature. Westminster, Whitehall and the City became inexorably closer.

Green belt

The change in the character of London was also assisted by the Abercrombie report which was responsible, directly or indirectly, for the green belt which was thrown around London, preventing its 1830s-style sprawl into the countryside, and the eventual dispersal of London's population and industry.

After the war the vogue was to disperse London, essentially to the new towns and the expanding towns. This was a policy that was to lead not to

a better London, a London with a home for everyone, but a London which contained the seeds of its own decay. London without jobs and without skilled workers would slowly atrophy.

The speed with which it atrophied became alarming and in the past three years the Government has stepped in to stop the rot. The emphasis on new towns has been abandoned; now policy is concentrating on rejuvenating our cities and especially London. An urban development corporation has been proposed for a great area of docklands and an Enterprise Zone has been suggested for the Isle of Dogs.

The planners now want to see life and work brought back to areas which have been allowed to become virtual wildernesses. The future, therefore, involves some resurrection of industrial life. In the inter-war period, London built a fairly

considerable nexus of light industries on its fringes and these have contributed greatly to the economic wealth and health of south-east England. The next step will be to bring some industrial life back to the central areas and in particular to docklands.

But this move will not overshadow the greater trend, which is to concentrate more and more commercial decision-taking—and with an increasingly international flavour—in the capital. There are now nearly 400 foreign banks alone operating in London and the future will increasingly revolve around international dealing.

Whether that future will be profitable, in commercial terms, will depend on Britain's position in the world. But whatever happens, London is admirably poised and placed to take advantage of what the 21st century will offer.

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Chamber of
influence

On the 15th of January, 1883, the first annual report of the London Chamber of Commerce was presented to its council. In theory it covered the previous year but in practice its scope extended over the 18 months since the inception of the Chamber in 1881.

The report notes with some satisfaction that a parcels post was about to be inaugurated by the Post Office. "This important question," as the matter is described, was the subject of a dignified correspondence between the Chamber and the Postmaster General in which the latter stated that negotiations had been all but completed with the railways to introduce "an inland service with respect to parcels."

It is ironic that a century later the parcels service is one of the Post Office's sickly offspring and despite increasingly stiff doses of medicine does not look like recovering its former glory.

Elsewhere, the Chamber reports drily: An Address was adopted, congratulating Her Majesty on her escape from the attempt on her life at Windsor Station, and forwarded through the usual channel. It was duly acknowledged. The next item in the report related to cattle plague regulations.

The Chamber came into being in a more leisurely era. Despite the attempt on her life, Victoria reigned over a country and an empire that was at the height of its power and influence. The forces at

work in Germany and the U.S. that were to displace Britain from her place at the top of the industrial pile were already gathering momentum though it is doubtful if many of the frock-coated, top-hatted gentlemen who then ran the affairs of the Chamber were aware of it.

Those men bring back echoes today. Among those who formed the first council were Mr. Quintin Hogg, of Rosanquet, Curtis and Co., West India Merchants, Mr. W. H. Peat, of Messrs. Lewis & Peat, colonial brokers, Mr. Stephen Raft, of Messrs. Raft, Bros., merchants, and Sir S. H. Waterlow, bart, MP and alderman, of Messrs. Waterlow and Sons, stationers and printers.

Among the companies represented can be traced some still famous names. There were Truman, Hanbury and Buxton, brewers of Erick Lane, Kleinwort, Cohen & Co., described as merchants, and Messrs. Barclay, Bevan, Tritten & Co., bankers of 1 Lombard Street.

Some things change: in the City some things do not change at all.

The London these men worked in was a vastly different place, though, from the London of today. It was a metropolis of 3.8m people and the City had a population of 51,439 with more than 14,000 alone—far larger than the present population of the City—living in the ward of Farringdon Without.

CONTINUED ON
NEXT PAGE

We are pleased
to add
our congratulations
on the occasion of
the Centenary
of the London
Chamber of Commerce

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Our centenary offers us a platform to promote our members' interests, and campaign for the much needed industrial regeneration of our region.

Earl Jellicoe, President LCCI

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*The basic subscription (including VAT) is £166.75 (or less) for firms up to 250 staff, £230 for firms from 251-1,000 and £345 for firms with over 1,000 staff.

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LONDON II

Colourful pride of the city streets

LONDON BOASTS some 30 street markets and there is little that cannot be purchased on the thousands of stalls—from exotic Caribbean fruits to antiques selling for thousands of pounds.

One of the best known—judging from the throngs of tourists who flock there, despite the high value of the pound, is Portobello Market, in Notting Hill. While its fruit and vegetable stalls are open during the week, it is on Saturdays when roads running off Portobello Road are jammed with stalls. Here the antique collector rubs shoulders with the punk wanting

genuine junk. Not that the prices of junk are low—granny's old weighing scales sell for £10 and more.

The New Caledonian Market, in Bermondsey Square, is less well known to the casual collector of antiques and is somewhat a mecca for dealers. Held on Fridays, the affluence of some of its clients contrasts sharply with the South-East London environment.

Some of London's most cheerful markets are in the East End—from Sunday's Petticoat Lane Market,

where clothes and crockery of every description can be purchased, to the Columbia Road Market, in Shoreditch, where an enormous variety of flowers and shrubs are on sale.

The majority of London's markets nestle in narrow streets where traffic is either banned or else falls to compete with pedestrians. However, two are housed in magnificent glass-roofed Victorian arcades. These are Leadenhall, in the City, and the Jubilee Market, which has been developed in London's old Covent Garden Market. Leadenhall is particularly

splendid in its displays of produce, offering bristles of pheasant and carcasses of meat alongside displays of fish, high quality vegetables and fine cheeses.

For many workers in London the markets offer a bustling lifeline, hence the bustle in Berwick Street, Soho; Leather Lane, Holborn; and Whitecross Street, Islington. But at weekends, Londoners still love markets, such as that in Brixton where foods reflect the presence of a large West Indian population.

Lisa Wood

Fast and sharp decline in heavy manufacturing

INDUSTRY

JOHN ELLIOTT

LONDON'S manufacturing industry has been in decline for about 30 years, and the current recession is sharpening the trend and rapidly increasing the number of people unemployed. Some of the decline has been caused by companies moving out of the capital at the behest of various Governments' policies; but a far more important reason is that the number of companies closing or shrinking in size has not been balanced by the birth and expansion of new businesses.

In this way London's problems are typical of many other urban centres. But they are magnified because of the immense size of the capital and because they have been accompanied by the decline of London as a major port.

Urgent attempts are now being made to arrest this decline, both through the docklands developments—including the Isle of Dogs Enterprise Zone—and through a series of other initiatives such as the GLC's London Industrial Centre, the London Chamber of Commerce's joint venture with the private sector called the London Enterprise Agency, and various promotional projects launched by individual borough councils.

Since the last century, London's manufacturing industry has been concentrated in specific areas. In 1861 more than half the capital's manufacturers worked in a horse-shoe shaped arc to the north and the east of the centre. By 1951 this had spread into east Middlesex and up the Lea Valley into Essex. Separate concentrations of manufacturing industry, which did not exist in the 1800s, also grew up elsewhere, particularly in the west between the two World Wars.

The demise of the docks as a magnet for industry has accelerated the east's decline in recent years, and this trend has continued with the current recession. While there have been notable closures in West London, the existence of Heathrow Airport and other transport facilities tend to make it more prosperous.

Distinctive

In all these areas there is a distinctive industrial structure. There is less emphasis on manufacturing than in the rest of the UK but there is a higher concentration on certain service industries. As it has no significant natural resources there is a particular lack of heavy industry, a factor which has helped London to avoid some of the problems faced by cities which rely for their industrial base on a single major manufacturing activity.

The area is specially strong in three lighter manufacturing industries which are substantially more important in proportion to London's economy than they are nationally. The first is electrical engineering, which in London is biased towards electronics and away from heavy electrical equipment and mass production consumer durables.

The second major industry is printing and publishing. This is based on national newspaper production and the book and periodical business. Third, London's markets have led to a concentration of manufacturers in the food and drink, clothing, and the furs and jewellery trades.

The example of the lighting manufacturer—Light Years Ahead of Chiswick—illustrates

Even these industries have been declining for some years, in some cases faster than their average nationally. For example the biggest employer—electrical engineering—had dropped from 211,000 workers in London in 1961 to 127,000 in 1976, while the national total had fallen from 948,000 to only 730,000. The London total now stands at only 115,000. Similarly mechanical engineering halved its London workforce from 165,000 to 82,000.

In total, during the 1961 to 1976 period, manufacturing employment in London dropped by 40 per cent from 1.43m to 880,000. This fall of over 500,000 more than accounts for the whole of the net change in the employment figures during the period—decreases in other sectors such as construction and public utilities were offset by growth in service industries and in 1976 total employment stood at 3.7m.

A report prepared for the GLC last year by SRI International said: "While the London trend broadly follows the changes in London have been

a great deal more pronounced. If employment in London had followed the change exhibited nationally then, because London possesses a higher than average proportion of growth industries, employment would have grown by more than 500,000 between 1961 and 1976 instead of shrinking by that amount. Manufacturing would have shown only a slight decline, growth services would have shown a much more substantial increase, and the rest would have increased slightly instead of contracting."

"The decline in manufacturing appears to be largely attributable to establishments closing down or shrinking in situ and not, as is often supposed, to their moving out. Company departures account for only about a third of the decline. There appears to have been a failure of the normal process of growth and replacement by new firms."

Another GLC report, prepared last year by General Technology Systems, concludes: "Analysis indicates that there are special forces operating in London against economic prosperity. Bad industry and busi-

ness behaved in London as they did in the rest of the country. London would have gained about 13 per cent (over 1m) jobs during the 15 years 1961-71, instead of losing on a similar scale."

"The evidence shows that this is not just a London phenomenon. It has occurred in all the metropolitan areas, though it started to occur earlier in London and the rate of decline has been greater there. It appears, therefore, that the decline of employment in London is an extreme case of what has happened to all metropolitan areas in the UK."

Such problems have led to a total of 1m manufacturing jobs being lost during the past 25 years—more than three times the national average. The city, of course, located in the relatively well-off south-east corner of the UK and is thus often cushioned from most general economic ills.

Rocketed

However, this cushion has not been sufficient to protect it from rapidly rising unemployment during the past year. The total number of unemployed rocketed from 144,545 in February last year to 248,900 last month, producing an unemployment rate of 6.7 per cent (the figure nationally was 10.1 per cent).

Companies shedding considerable numbers of workers have included United Biscuits, Meta Box, Gorton's Gun, Tate and Lyle, Manbre and Garton Hoover, Courage, Metal Box and public sector organisations including Wandsworth Council and London Transport.

It is now being forecast that manufacturing industry in London will continue to decline in relation to financial and professional services, with the proportion of employees working in manufacturing dropping from about 25 to 30 per cent to only 20 per cent or less.

The GLC's overall strategy for the area gives priority to the regeneration of the economy in general and the rehabilitation of inner city areas in particular, with special emphasis on the docklands. Some £500,000 is spent a year promoting industry and employment in London, trying both to attract outsiders and to induce expansion by companies already in the area. Small businesses receive special attention.

The main need is to generate the creation of new businesses and the growth of existing enterprises that have eluded the capital since World War Two. Special hope is pinned on high technology industries, and various plans have been considered for setting up science parks and other technology centres in areas like the docklands. An expansion of electronics manufacturing would help to reduce the fall in employment levels; but while this would employ more skilled workers, it would leave a growing number of unskilled people unemployed.

Concentration on technological innovation alone is therefore unlikely by itself to have a sufficient impact on the problem of regenerating London's manufacturing base. Broader efforts are needed to rebuild a more general base, and these are now starting in some areas. But as the Government is realising on a national scale, it will be many years before the yawning gaps left by the decline of larger industries can begin to be filled by new businesses which are now being encouraged.

Helping hands for enterprises

SMALL BUSINESSES

JOHN ELLIOTT

AMID all the industrial gloom, there is a glimmer of hope for those involved in small businesses. Despite the impact of the recession, the cause of the small businessman has developed sufficiently during the past five years for London to be able to boast a wide range of initiatives aimed at helping new enterprises start up and expand.

These are now producing results, including the creation of local workshops centres, the regeneration of industrial sites, and the provision of general managerial and other help to small businessmen.

The London Enterprise Agency in particular, based on the London Chamber of Commerce and backed by nine industrial companies and financial institutions, has developed methods of making it easier for small businessmen to cope with the complexities of modern industrial and commercial life.

Smaller agencies have been set up or are being planned in boroughs such as Tower Hamlets, Wandsworth, Islington, Hackney, Southwark and Hammersmith. Small firms' factory estates have been started in Wandsworth and Lambeth, and about 30 multi-storey industrial buildings have been turned into premises providing small units.

An exhibition is now open at the Design Centre in London showing the goods produced by small companies helped by such initiatives. They include makers of dolls houses, furniture, kites, light fittings and plastic attaché cases.

The example of the lighting manufacturer—Light Years Ahead of Chiswick—illustrates

how a small businessman can get help. The founder of the company, Mr. Brian Hutchinson, had trouble starting his distinctive but expensive light fittings venture. A course at the London Business School, plus marketing and financial help from the London Agency, led him to change his bank and produce a colour brochure.

This attracted architects and other clients, and enabled him to start commercial production. In total, London contains about 150,000 small businesses employing 1.25m people, or about a third of the capital's total workforce. (These figures are based on the definition of a small business as an employer of up to 200 people in manufacturing industry and up to 50 people in service industries.)

The shortage of large manufacturing units in London means that small businesses provide a high proportion (47 per cent) of manufacturing employment. Two labour-intensive industries—clothing and footwear, and timber and furniture—are particularly important, as are the industries which are generally strong in London—electrical engineering, paper and printing.

But small businesses have faded away from many of London's boroughs, especially hit by redevelopment projects, planning restrictions, poor facilities for expansion, traffic problems, and, until the late 1970s, a generally unympathetic official environment. However, this has changed and central and local government is interested in encouraging new enterprise.

No one knows precisely how many businesses are being created. But what is already clear is that manufacturing industry will only revive to a limited extent: the vast majority of new businesses being set up are in the service sector.

Chamber of influence

CONTINUED FROM PREVIOUS PAGE

Eighteen months after it was founded, the London Chamber of Commerce held the first of what was to become an annual dinner in the Cannon Street Hotel. "Some 200 gentlemen connected with commerce and shipping in the Metropolis" heard, according to the report of the event, the Lord Mayor of London propose the toast.

The toast was "Prosperity to the London Chamber of Commerce" and when the Lord Mayor said he could "scarcely do adequate justice" to it, the report notes there was loud applause.

Whether this referred to the toast or his comment is delicately left unsaid. But when he said that "the Chamber would have great weight in the councils of the nation" he was perhaps talking with greater prescience than he might have imagined.

That "great weight" now comes from its numerical strength and its influence. The Chamber today has nearly 8,000 members, of which three-quarters have fewer than 50 employees. Half of them are in manufacturing but the rest are to be found across the board: professional, legal, financial and in the world of insurance.

For these members the Chamber provides a wide range of services taking in expert intelligence, an export finance panel, help for small firms and, since the start of this year, it has an energy conservation, equipment and services group. It was behind the drive for an urban development corporation for London and managed to persuade the Government of the need for a stronger role in the policy making side of industrial affairs.

But perhaps nothing can quite compare with its success during the General Strike of 1926. On May 6 of that year it wrote to the Prime Minister, the Home Secretary and the President of the Board of Trade urging that in the event of a stoppage every step should be taken to keep the docks open.

"Dear Sir," replied the Home Secretary, Sir William Joynton Hicks, "Thank you for your letter of yesterday. Your wishes will be carried out immediately."

Anthony Moreton

LONDON III

Broad range in meat market

THERE ARE no plans at present, much to the jubilation of its tenants, for any proposed move for London's central meat market at Smithfield in Charterhouse Street.

The market, a listed building built in the late 19th-century, has some 80 tenants selling meat and poultry in the heart of the City.

Mrs. Patricia Kitchen, secretary of the Smithfield Market Tenants Association, said: "With all these markets, when they are moved, something intangible is destroyed. There is no more marvellous sight when, at midnight, the gates of the market open and the lorries start bringing in the meat and poultry."

Few tourists

There are few tourists about at that time of the night but according to Mrs. Kitchen, "People who have visited once love to come again. Also, handling meat at 5 am (when the market opens) may not be everybody's cup of tea but one finds that if people work here for six months they stay for ever. The place gets under your skin."

Smithfield not only provides wholesale buyers with the best beef steak and lamb but also breeds of lamb and third grade poultry. Once the largest meat and poultry market in the world, Smithfield today continues to offer one of the best selections of its kind.

Lisa Wood

Government and industry in joint search for new markets

INSTITUTIONS
PAUL CHEESBRIGHT

FERDINAND de Lesseps went to the London Chamber of Commerce and Industry in 1883 and asked for its views on what rates should be set for passage through the new Suez Canal. It was an example of the consultation which exists to this day between those who create the conditions for trade and the practitioners of it.

London is the centre of that consultation, the nexus of collaboration and confrontation between industry and Government. It is the heart of the supervisory process for the UK's trade, the source of the instructions to export, the headquarters of myriad associations representing special interests.

These associations range in function from simple liaison between members through lobbying the Government to make certain a special point of view is understood, control of trading activities, the provision of export documentation and the undertaking of market research for the launching of sales campaigns.

Sometimes several of the functions are mixed, ranging from large national groups like the Confederation of British Industry to quite small industry groups like the Mica Association.

The divisions are never clear-cut. Independent associations are linked with larger bodies like the London Chamber of Commerce, while the Chamber itself liaises with semi-official advisory groups linked to the British Overseas Trade Board, which has special responsibilities to promote

exports. In some cases the associations themselves are vested with special responsibilities arising from the traditional policy of governments to allow trading to be self-regulated. Thus the London Metal Exchange supervises a section of the commodity markets under the overall control of the Bank of England.

The London Chamber is officially a clearing house for a significant part of the country's export documentation. When goods are sent abroad they need a certificate of origin. When they pass over different national borders, they need a kind of passport. It is the Chamber's job to provide them.

Aspiring

Some associations have the power to regulate the status of members. The Stock Exchange controls not only the way in which equities and gilt-edged issues are traded but also has a system of examinations which decides the future of aspiring stockbrokers.

In turn all these bodies will liaise with the Government and seek to influence it in areas of special interest. The London Chamber will not only make its voice heard on the general economic issues of the day but will also campaign on specific issues like the rating of property. The Stock Exchange authorities will give advice, often unsolicited, to the Government about the economy, but also have a particular role to play in the forming of new legislation governing the technique of mergers.

Influence—the exercise of the trade association's lobbying function—is however, difficult to measure in terms of effectiveness. Much clearly depends on the thrust of policy by the

government of the day. The CBI was in constant touch with the Government about the recent Budget, but found that on many specific points it lobbied without effect.

In the same way the present Government's concern about keeping the international trading system as open as possible and its reluctance to give more than minimal support to sections of private industry under stress seems to have diminished the influence of the British Textile Confederation, which has been seeking tighter import controls.

The reverse of this is that the British Importers' Confederation, which has been arguing the case for more open trade in textiles, has found that policy is swinging slightly more favourably in its direction.

Such disputes about policy are generally the province of the large industries, which have established councils and secretariats in London precisely to wage the sort of battle that is taking place on textiles. But, in other areas, the needs of Government and the desires of industry go hand in hand. This is especially so over exporting and the search for new markets. It is at this point that extensive co-operation takes place.

The British Overseas Trade Board works closely with trade bodies in the promotion of exports through sales missions and exhibitions overseas. Thus, for example, the BOTB combined with the Clothing Export Council in October to exhibit at Munich's International Fashion Week and with the British Food Export Council to display at the International Food Exhibition in Paris in November.

The Government, however, has reduced the BOTB's budget and this has forced it to cut back on some of the missions it sponsors, especially in Western Europe. This is forcing the private sector to marshal more resources to support the general marketing effort.

To some extent there has been a response. The London Chamber which, like the Westminster Chamber, has in any case its own series of trade missions, has started a scheme to run missions without frills. Individual trade associations sponsor their own missions abroad and also invite inward missions of potential buyers, as the Machine Tools Trade Association has done.

Potential

Concomitant to this activity trade associations are themselves looking at potential new markets and drawing the attention of their members to them. And in this respect too the associations are drawn into co-operation with the official agencies.

Information about foreign contracts and market opportunities is funnelled back into London by embassies abroad and is then spread out again by the BOTB, which in its turn can give specialised information to the smaller trade associations.

The cross-currents of information ebb and flow with the associations acting as the link between the Government and individual companies. But in terms of the trading effort, the great problem which both face is to find a way of drawing to the attention of small and medium-sized companies the opportunities for sales abroad.



Invest in the City of London

The London Chamber of Commerce and Industry is celebrating its centenary year in 1981 culminating with The City of London Exhibition, which is to be held at the Barbican Centre in November, and will highlight the Chamber's confidence in the City as a centre of international trade and services.

This is the first time an Exhibition has been solely designed for the City of London.

The Barbican Centre will be host to a number of conferences related to the Exhibition.

1st and 2nd December

The Financial Times and the City University Business School on the subject of "INTERNATIONAL FINANCE"

3rd and 4th December

The EEC Commission are sponsoring a conference stemming from the "LOME CONVENTION" Representatives from over 60 countries will be attending.

The Exhibition will, therefore, offer a unique opportunity to the City institutions and traders to explain the mysteries of their services to potential clients, in a more receptive setting than is normally the case.

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Companies and organisations wishing to participate should apply immediately for further information and Application Forms. Please complete coupon and send to the organisers: Fairs & Exhibitions Ltd., 21 Park Square East, Regents Park, London NW1 4LH. Telephone: 01-935 8200. Telex: 299708. Efanee G

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Over a decade of booming invisible revenue

TRADE

PAUL CHEESBRIGHT

THE LONDON financial and trading markets have grown up together, each feeding off the other, but both now have a momentum of their own. Their most striking characteristic is their international quality. They are too extensive to be justified simply by the size of domestic economic activity.

The earnings of the City of London have more than quadrupled since 1968, when they were \$419m. By 1979, the last year for which there is a detailed breakdown, earnings had climbed to \$1,863m, and last year they probably topped \$2bn. The earnings make a marked contribution to the net surplus on private invisible trade, which the UK has run for 180 years. The national net surplus on invisibles was \$1.7bn in 1979 and \$1.2bn in 1980. At the end of last year the net surplus on invisibles was running at an estimated \$1,000m and in February at an estimated \$300m a month.

In 1979, the City's earnings of \$1,863m compared with gross dividend income brought into the country from overseas of \$6.3bn, earnings from tourism of \$2.7bn, and net revenue from shipping of \$1.1bn. So it came third on the list of the nation's biggest invisible earners.

In the City the largest revenue winner of all is insurance, with individual companies and Lloyd's roughly equal in the size of their contributions. The other major sources of revenue are the Baltic Exchange, dealing with shipping, the banking houses, the commodity markets and the merchanting companies.

All of these different facets of the City's activities come together on the Committee on Invisible Exports which seeks to encourage the growth of the service industries which provide the City's income. This has become increasingly important as international competition has increased.

Mr. William Clarke, the Committee's spokesman, calculates that the total world market for all invisible earnings is probably worth \$250-300bn per annum. Of this the City of London probably accounts for about 10 per cent.

The financial and trading expertise built up when the UK was the world's major industrial power has continued to earn funds in its own right despite the relative decline of the UK as an industrial force. Thus the City claims to have more American banks represented than New York. Certainly it has the greatest concentration of foreign banks in the world. Indeed, the number of banks establishing offices in London has doubled in the last eight years.

Similarly, the City houses the

WHAT THE CITY OF LONDON EARNS

\$ millions	1968	1977	1978	1979
Insurance: Companies	90	340	390	368
Lloyd's	74	382	411	383
Brokers	34	185	214	206
Less: Debits (e)	—	-14	-13	-13
	198	893	1,002	944
Banking	67	318	664	109
Commodities	40	110	163	153
Merchanting (f)	17	120	132	145
Investment Trusts	35	51	52	58
Baltic Exchange	33	155	153	200
Stock Exchange	9	20	21	25
Lloyd's Register of Shipping	3	21	20	18
Pension Funds	5	17	24	49
Unit Trusts	2	12	15	22
Other Brokerage	10	37	54	88
Solicitors	—	36	44	52
Total	419	1,790	2,344	1,863

(e) Direct investment income due to overseas parents of UK branches, etc.

(f) Profits on non-commodity third-country trade.

Source: Committee on Invisible Exports.

world's largest insurance market and has remained the key market for many agricultural products and metals, despite the fact that many of the goods traded will not touch British soil.

Mr. Clarke notes, that the City's prosperity will be conditioned by the general state of the world economy. For the past three years, earnings have been on a rough plateau reflecting the difficult international conditions.

When an upturn does come, the City's earnings may lag behind. Historically, invisible earnings tend to lag a year behind an upturn.

Fluctuations

The immediate challenge therefore is for the City to maintain its share of the international market in the face of problems about which it has been able to do little — such as the rapidly changing parity of sterling, in which much City trading is still done. The City has not been affected by the strength of the pound in the way that manufacturing industry has been, but currency fluctuations create uncertainty.

It remains certain, however, that the future of the City depends on its ability to win international business on an increasing scale. The City, although not necessarily the first to introduce markets — financial futures, for example — relies on the fact that when it does it will be able to attract an international clientele, by contrast with the markets of Chicago and New York which are primarily domestic.

It is this search for new international dimensions which makes the City generally anxious about breaking down the barriers to the extension of its trade in the EEC. It is thus

watching very carefully the Government's latest initiative made public earlier this month, to work for a free market in insurance in the EEC.

This is a long-standing question, movement towards the resolution of which has been held up by the plethora of regulations in countries like France and Germany, which seemingly prefer to maintain the status quo.

The City has trebled its earnings in the EEC since the UK joined but feels that they remain at a low level because regulations in insurance, banking and the professions keep other countries in the EEC relatively closed markets. The fear now is that the political difficulties which have attended Government activities in areas like fishing and the level of UK contributions to the EEC may spill over to retard movement on insurance. At any rate there is little expectation of there being a free market in insurance until about 1990.

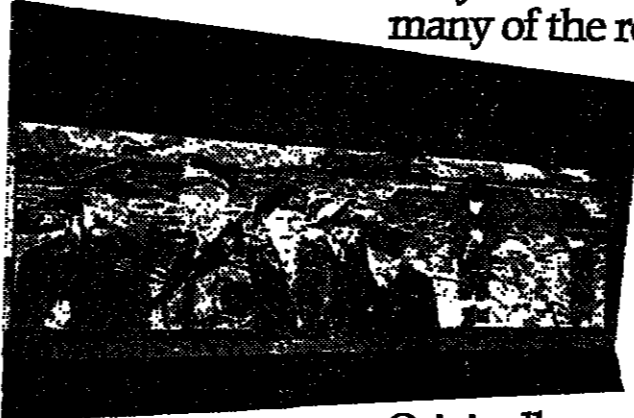
During this decade, it also seems likely that the City will have to come to terms with the move, mainly from the U.S., to create an international free market in services. In general terms the City welcomes the idea of a free market, but it is cautious because it is by no means clear what may be involved.

In this, the City is not alone. It is sensitive about the possibility of being swamped by general discussions leading to a vague international regime. By and large, the City would prefer a sector-by-sector approach. Discussions about this are going on between the Committee on Invisible Exports and the Government with a degree of co-operation that might have been difficult to imagine 10 years ago.

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Here, the famous Whitbread Shire Horses have their home.

These splendid animals still deliver beer to local customers.

And on ceremonial occasions they draw the coaches of the Lord Mayor and the Speaker of the House of Commons.

The Speaker's Coach, by the way, is on public display at the Brewery.

The Chiswell Street Brewery, in the City of London.



WHITBREAD

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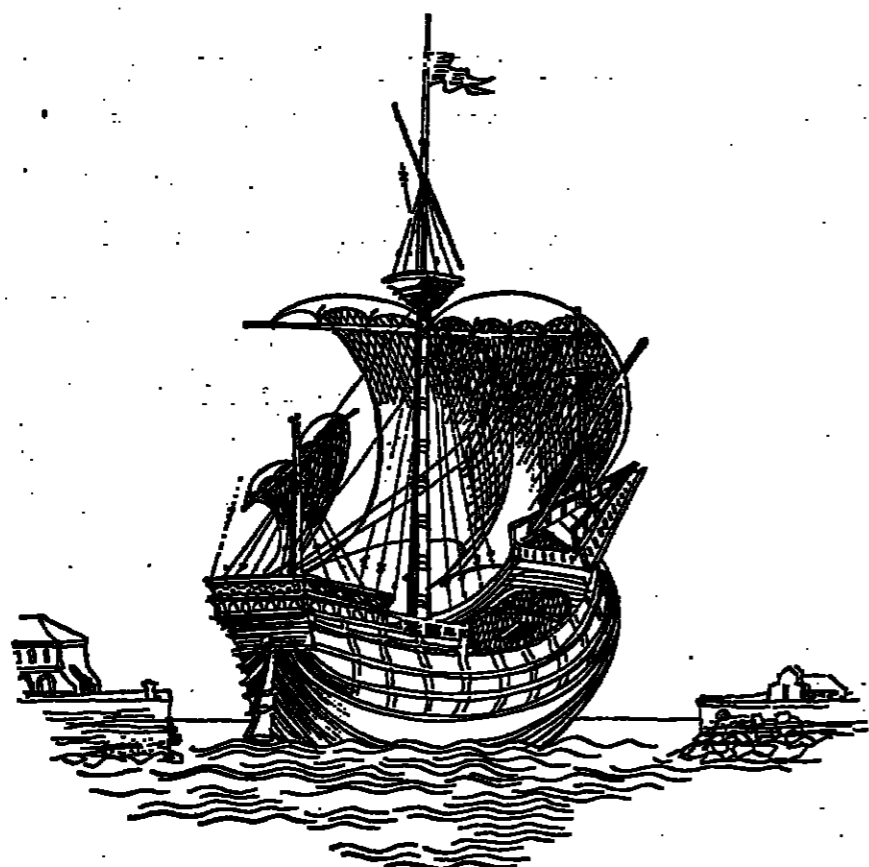
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BARCLAYS



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Henry V Act 1, scene 2

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مكتبة الشاه

LONDON IV

Changing fortunes but a brighter future

PORT OF LONDON

WILLIAM HALL

ONE HAS only to compare the current headquarters of the Port of London Authority (PLA) in Thomas More Street, with the grandeur of the old Port of London Authority building at Trinity Square, Tower Hill, to sense the decline in the fortunes of the country's premier port.

The magnificent Trinity Square Building was opened in 1922 by the Prime Minister, Mr. Lloyd George, when the PLA was the biggest port in the world and at the peak of its prosperity. Today, it is owned by a firm of insurance brokers and the PLA is housed in much less luxury, not very far away in London Dock House.

The PLA is responsible for 92 miles of the River Thames from its mouth up to Teddington. Twenty years ago the PLA controlled five separate enclosed dock complexes and a dock estate spread over 4,000 acres including 700 acres of enclosed water and 36 miles of quays.

Working down from Tower Bridge, the first enclosed docks were the London and St. Katharine's Docks, which were the main warehousing docks. Across the river were the Surrey Commercial Docks—the only enclosed dock system south of the river, dealing primarily with timber. Next came the India and Millwall Docks. The former importing large amounts of sugar, fruit and hardware and the latter importing grain. Further on down the river were the Royal Docks, which were the largest area of impounded dock water in the world.

Finally, there are Tilbury docks, 26 miles downstream from London. Here is where the centre of activity now lies, so far as the PLA is concerned.

Yacht marina

The London and St. Katharine's docks were closed and sold to the developers several years ago. Part of St. Katharine's dock has been turned into a yacht marina. The Surrey Commercial Docks have also been closed and last year the PLA announced the effective closure of the India and Millwall Docks leaving the Royal Docks (Royal Victoria, Royal Albert and King George VI) as the only enclosed dock system operating on the upper river.

In common with most other ports around the world, the Port of London has been moving downriver. Ships have got bigger and enclosed dock systems have tended to be replaced by riverside berths. The number of registered dockers employed by the port has dropped from 24,000 to fewer than 5,000 (once the latest cut-backs are over) in the last decade. The ambitious plans to build a new deepwater seaport



Allotments at the dockside edge of the India and Millwall Docks' main section illustrate the changing function of London's riverside

at Maplin in the estuary have been dropped, and it seems inevitable that the Royal Docks will have to close within the next few years. All that will be left will be Tilbury and the riverside wharves.

The decline in the fortunes of the Port of London has been blamed on several factors. As the biggest traditional port in the UK it has been forced to shed far and away the most labour. This has been very difficult since the PLA has to work within the confines of the National Dock Labour Scheme which makes it virtually impossible to sack a docker.

The speed with which the advent of containerisation revolutionised cargo handling techniques and did away with jobs caught many people by surprise. Similarly, London failed to exploit the rapid switch to roll-on/roll-off freight traffic. As a result London's traffic was siphoned off by smaller ports such as Dover and Southampton and Felixstowe.

The problems of overmanning and ingrained restrictive working practices have taken their toll on the PLA's finances and it is now virtually bankrupt. In 1980 it lost around £15m and if the Government had not provided additional funds it would have had to cease trading on April 1, 1980.

However, it is likely that 1980 will prove to be a watershed year in the PLA's unhappy condition. It has shed a significant amount of labour over the past 12 months and its financial state would have been much healthier if the recession had not hit its trade so badly. Nevertheless, the reduction in the workforce which has put such a strain on the authority's finances, is nearly over, and once the UK economy starts to improve, so should the PLA's fortunes.

Amid all the gloom it is easy to lose sight of the fact that

London is still the biggest port in the UK and among the top ten ports in Europe. It has some very real advantages which, despite its current difficulties, should ensure London will remain a major international port.

Plenty of land

Unlike some of the world's ports that are stuck in the middle of overcrowded cities, London has plenty of land which it can develop downriver. It is close to the major commercial areas of the Midlands and the south-east—half of Britain's manufacturing industry is within a 100-mile radius.

Compared with other traditional UK ports, such as Liverpool, Bristol and Glasgow, London has a major advantage in that it is on the right side of the country. It faces Europe and with the entry into the Common Market this is the main growth area in port traffic.

For these reasons London will continue to be Britain's major seaport. It handles over 20,000 ships a year and around 50m tonnes of traffic a year of which just under half is petroleum. Over 10 per cent of the country's import and export trade passes across its berths.

Tilbury ranks as one of the country's biggest container terminals. The £24m Northfleet Hope riverside container berth was completed in 1978. The riverside berth, stretches for 1,000 ft (305 m) and there is an enclosed berth of 850 ft (259 m). These two berths are operated by Tilbury Container Services and cover a 64-acre site. They were developed by the PLA in conjunction with OCL and ACT(A) and service the main Australia and New Zealand trades. Around three-quarters of UK trade with these countries passes through the container complex.

The annual capacity of the Tilbury Container Services site is about 170,000 20-foot equiva-

lent units (ten). In addition, there are four common-user container berths inside the enclosed docks at Tilbury which gives London a total container throughput of about 300,000 ten a year.

Apart from its importance in container traffic, Tilbury also houses the UK's leading grain terminal. Around 2m tonnes of grain a year pass through the grain terminal, which can accommodate ships of up to 90,000 dwt. They can be discharged at a rate of 2,000 tonnes per hour.

However, the Port of London is not just the PLA, although that is the largest single operating unit. Along the banks of the Thames there are dozens of flourishing private wharves.

As a group, the private wharves employ close to 1,000 dockers which makes them larger employers than many individual ports around the country. The recession has hit a number of them and the liquidation of Samuel Williams at Dagenham Dock last year was a bitter blow to the self-confidence of the private wharves.

Nevertheless, private wharves handle several million tonnes of cargo a year and are continuing to upgrade their facilities. Purfleet Deep wharf, the biggest private wharf on the Thames, has just finished a £2m re-roof at Erith Deep to service the Polish traffic at Purfleet. Victoria Deep Wharf Terminal at Greenwich is in the middle of doubling the capacity of its container terminal. Tower Wharf at Gravesend and Convoys wharf at Deptford have also enlarged their facilities recently.

Even in the unlikely event that the PLA was forced to cease trading through its financial difficulties, the remaining 40 odd private wharves would continue to function, thereby ensuring that London remained one of the biggest, if not the biggest, port in the UK.

Renaissance remains delayed

URBAN RENEWAL

ROBIN PAULEY

THE EIGHT muddy square miles of London's docklands make up the largest derelict site anywhere in Western Europe. The Urban Development Corporation, the latest in a long line of initiatives to revive the area, was announced over 18 months ago with a great deal of optimism and enthusiasm but it is still not under way because the enabling legislation is bogged down in an obscure House of Lords committee which shows no sign of reaching a speedy conclusion.

The delay on the plans to redevelop London's docklands typifies the history of urban regeneration in the capital in recent years: projects have foundered on bureaucratic delays, shortage of funds, disagreements with or between local authorities, or all three. Mr. Michael Heseltine was determined to change all that and, as he said, "get things moving, get money in, get something on the ground".

The new Urban Development Corporation for the docklands, led by Mr. Nigel Brookes, of Trafalgar House, as chairman, and Mr. Reg Ward as chief executive, was planned by Mr. Heseltine to be in full swing by last summer. The Parliamentary waiting list put the necessary legislation back until November and successive start-up dates have been postponed monthly since then. The latest target, April 1, has just disappeared because the Lords' Committee adjourned its inquiry into objections against hybridity—that is, that although the designating order is made under a public Act it makes distinctions between different areas. The Easter recess is looming and there are some doubts as to whether the Corporation will now get the go-ahead until summer, even if the

local authorities' bid to prevent the necessary designation order fails.

This frustrating delay for Mr. Brookes and Mr. Ward has had other effects. Mr. Brookes has expended a deal of energy in persuading City institutions to put money into the new development when it finally starts. He is understood to have interested at least one major insurance company and a large pension fund but all that goes into abeyance.

Back sliding

The idea of a UDC, far from speeding it up, has put the regeneration of this enormous site further back than ever. It was previously the responsibility of the Joint Docklands Committee which, after years of delay and back-sliding, was just getting its strategic plan under way when it learned it would be superseded by the new body. Similarly, the proposed Enterprise Zone within the docklands area at the Isle of Dogs is still not designated. It will offer a range of incentives in the hope of persuading business and commerce to establish itself in what is otherwise an unattractive derelict area, but it is now a year since the concept of enterprise zones was announced by Sir Geoffrey Howe in the 1980 Budget.

One bright spot in docklands is the decision by Southwark Council and the GLC to approve an £180m office, shopping and industrial development scheme for the key 120-acre Surrey Docks site, again after years of false starts and delays.

It is not only large-scale areas such as the docklands which have fallen derelict in London. There are pockets all over the capital, many the result of once prosperous areas falling into decline, particularly as manufacturing industry either closed down or moved out to the suburbs or new towns, taking large sections of the population with it. Tower Hamlets borough alone has more than 50 miles of fencing around derelict sites.

The key to urban regeneration is simply money and in spite of concerted efforts by governments to encourage private investment in regeneration and the present administration's full backing for European Urban Renaissance Year, virtually nothing will happen without substantial injections of state cash unless there are incentives for private investment. The Treasury, recognising this, had accepted in principle that, as in the United States and many European countries, private investment in urban regeneration projects should be allowable against tax.

There was a proposal to include such a provision in the Budget earlier this month but it is understood it had to be ditched at the last moment because of its cost although it could conceivably be resurrected during the committee stage of the Finance Bill. There is little doubt that sooner or later such a provision will be brought in and it could result in substantial investment in London regeneration projects. Enough examples exist in the U.S. of what can be achieved in this way—notably the Renaissance Centre in Detroit funded by the Ford and Rockefeller Corporations.

On a much smaller scale one project is already under way to revive an area close to the City of London after years of argument and delay. Spitalfields was identified as a problem inner urban area in the 1920s; more than half a century later nothing has changed. Finally the London Enterprise Agency, which has devised a large part of its time and energy to Spitalfields since its inception in 1974, has a project to redevelop part of the area into small workshops with the help of private sector investment and venture capital.

There are some striking examples of projects that have regenerated areas of inner London, no longer useful for their originally intended purpose. The St. Katharine's Dock development, a good decade

behind schedule, is one example of a development which turned a squalid disused corner of the docks close to Tower Bridge into a marina with pubs and shops, making it a much-admired tourist attraction. It has also created 1,700 jobs (compared with 600 in the old docks) and contributes 11 per cent of Tower Hamlets' total rate income.

Covent Garden is another example. Having narrowly survived attempts to demolish it, the former fruit and vegetable market in the centre of the city has been preserved and renovated into an area which attracts visitors and Londoners alike. It has altered the function without becoming either temporarily derelict or a maze of office blocks.

Positive colour

There are other small, but vital areas of dereliction which have been revived—such as the Hackney urban nature reserves, the Clerkenwell workshops and numerous areas grassed over or turned into amenity spaces. Generally, however, they are day-albeit welcome—pieces of positive colour within a huge, grey problem. It is probable that one acre in 15 in the older parts of the city lies derelict, and in the East End this rises to one acre in nine.

Inner urban policies, strategies and Acts have made little difference so far. Nor will they until a comprehensive strategy gets high priority from the Cabinet of whichever government is in power, backed by enough financial commitment to make a solution to the problem and the creation of a satisfactory infrastructure look feasible.

The UDC for docklands could yet prove to be an example although the problem of conflict of responsibility with local authorities in the area, particularly over planning, is likely to continue to be a thorn in the side. Although there is still hope, this past 18 months do not augur well for the future.

LONDON V

Limited office space curbs growth

SERVICE INDUSTRIES

ROBIN PAULEY

ONE OF the gloomiest of all the recent economic forecasts offers a good deal of hope for London—and an equally large measure of worry for much of the rest of the country.

Cambridge Econometrics gave very gloomy projections for manufacturing industry and put per man-hour was improving, this sector provided very little hope for easing unemployment.

Only substantial growth in service industries would have any effect. And that is precisely what London can look forward to.

The service sector accounts for 50 per cent of all employment in London where 13 per cent of Britain's population live and work to produce 16 per cent of the gross domestic product.

Between June, 1979, and June, 1980, the number of jobs lost in the capital's service sector was only 15,000 (0.5 per cent). The service job losses were concentrated in construction, distributive trades and transport and communication.

There were increases in em-

ployment in the major growth sectors of insurance, banking, finance and the professions. The service sector is expected to return to net growth during 1982 with the exception of public administration which may cease to grow.

Although the service sector is in a healthy state there are potential difficulties for unskilled London school-leavers and other unskilled workers seeking employment. Two jobs boom areas and their staff elsewhere—the City from computers and tourism from foreign workers.

The Conservative-controlled Greater London Council has warned that London's prosperity and its contribution to Britain's invisible exports is being curbed by a shortage of offices. Demand has pushed London rents among the highest in the world.

Sought after

Air-conditioned office space in the most sought-after areas of the City now costs as much as £23 per square foot, more than Hong Kong, New York, Paris and Brussels which is increasingly taking over from London as a centre for multinational headquarters. The cost there is a mere £5 per square foot. London agents Richard Ellis predicts rents of £45 in the City by 1985. At the moment only Buenos Aires (£27) is more expensive than London.

The GLC wants to see a building boom with an end to planning red tape. It estimates the total amount of office space currently available for letting in City postal district at under 1.2m square feet (compared with 3.6m in 1976). For a good two-way market it estimates 5 per cent of all City office space—about 4m square feet—should always be available for letting.

One reason for the office demand has been the growth of the banking and insurance sectors. After allowing for inflation the City contribution to invisible exports climbed in real terms by 6 per cent per year compound between 1965 and 1979. Of this year's contribution to the trade balance about £2.5bn will come from the City, half from insurance and a quarter from banking. More than 380 foreign banks are now represented in London, all requiring good office accommodation, compared with about 100 in 1965 and 73 in 1960.

Developers and clients alike have complained about the planning delays in London which has not allowed office development for service industries to keep pace with demand. The GLC says: "Developers have to budget for a City office scheme to take about seven years from initial concept to first tenants, which is longer than anywhere else in the world. Only two years is taken up with building work. Most of the first five years is spent negotiating with planners. Property developers can get started much faster in America and even in Spain."

A key factor in London's economy has been tourism which pumps large amounts of revenue into the city's retailing, hotel and restaurant and transport sectors. Tourism figures have dropped in the past couple of years. This is accounted for by the rising cost of a holiday in London, the cheaper accessibility of other continents, and the higher value of sterling. But the contribution to the economy from overseas visitors remains substantial.

A survey by the London Tourist Board last year showed that top of the list of "problems" identified by foreign visitors in London was the feeling that the city was too expensive (25 per cent) followed by the high cost of public transport (11 per cent), too many tourists (9 per cent), too much traffic (8 per cent), hotels too expensive (8 per cent), difficult to get around (7 per cent) and London too dirty (5 per cent). About 28 per cent said they had no problems.

Spending

Last year 8.2m foreign visitors spent an estimated £1.53bn in London. This is about 60 per cent of their spending within the whole country.

This year an estimated 8.6m visitors from abroad are expected to spend more than £2bn in the capital.

This huge expenditure within London is divided roughly into 32 per cent on accommodation, 10 per cent on transport, 7 per cent on entertainment and leisure, 19 per cent on eating and drinking, 26 per cent on shopping, and 6 per cent miscellaneous.

London has felt the pinch from the relative decline in tourism. Some 49 per cent of overseas visitors stayed in London hotels in 1979, the lowest number since 1971.

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The strong pound and falling dollar put the North Americans at the head of the list of those who found London generally too expensive.

In spite of the drop in tourists in recent years, and in spite of the persistently strong pound, London is hoping for a revival this year—not least because of the Royal Wedding in July, which is regarded with the same mood of optimism as the Queen's Silver Jubilee in 1977.

The retail trade—which is also anxious about 1981—the hotel industry and even London Transport, which gained £45m in revenue from tourists last year, are all hoping for a substantial Royal Wedding spin-off.



One of the Buyers' Walks in the twin Fruit and Vegetable market buildings at the New Covent Garden Market, Vauxhall

Nine Elms: stark efficiency

SOME SIX years ago one of central London's oldest tourist attractions—the flowers, fruit and vegetable market at Covent Garden—moved south of the river.

Today, ensconced in a 68-acre purpose-built site at Nine Elms, in the Vauxhall area, the New Covent Garden may not be as picturesque but it is seen by its traders as a "move for the better."

The Covent Market Authority said: "A large piece of old London has been vacated and with it, sadly,

have gone some old traditions. However, the new market is providing opportunities for large-scale economies and improved efficiency in handling, warehousing and vehicle utilisation. Waste and damage to produce has been dramatically cut."

Handling some £200m worth of produce a year the new market, opened in November 1974, is Britain's largest fruit, vegetable and flower market, with London's other big fruit and vegetable markets (Western International, Borough, Spitalfields and

Stratford) together doing about the same amount of trade.

Some 3,000 people work in the market, with a volume of produce estimated to be some million tons annually, handled by about 250 wholesale merchants. Although customers are primarily wholesalers, the public can wander in, although the possibilities of picking up a bargain are limited—what can the average housewife do with a box containing 37 lb of bananas?

Lisa Wood

Central meeting point for world trade

COMMODITY MARKETS

JOHN EDWARDS

IT IS often forgotten that commodity trading was one of the foundations on which the City of London was built. It was to provide the needs of merchants and traders in raw materials that the banking, insurance and shipping services were originally formed into the financial centre which later spawned the Stock Exchange and other institutions.

Britain's diminishing importance as a world trader, and the more popular appeal to the general public of dealing in stocks and shares, tended to push the commodity markets into the background for a long period.

But in recent years the commodity markets have started to re-emerge into the public eye, as the vital importance of raw materials to the whole economy has become clearer attracting the attention of a new army of sophisticated international investors.

Even though Britain may no longer rule the waves in shipping and trading, London has retained its role as the most influential commodity trade centre, drawing on the expertise built up in the City over the years. Britain's traditional links with the Commonwealth countries have been maintained to a large extent, and London has adopted a new role as a central meeting point for the growing trade between the Western world and Communist bloc countries.

Commodity merchants, with headquarters in the City of London, operate throughout the world and many foreign-based trading companies use the City's financial and shipping facilities. London, too, has some of the most influential commodity futures markets whose international reputation exceeds those in the U.S., since the American futures markets tend to be dominated by domestic, speculative, influences.

In contrast, the bulk of business on the London futures markets comes from overseas and is dominated by trade interests.

Best known

Perhaps the best-known market of all is the London Metal Exchange, whose daily quotations fix the price of base metals throughout the world. It can truly be said that the Metal Exchange is the world's non-ferrous metals trading centre. It has seven separate markets for copper, lead, tin, zinc, silver and, recently introduced, aluminium and nickel futures.

Each day during the "ring" trading sessions (so called because the dealers sit in a circle) the volume of business transacted totals several million pounds, not including the considerable "extra" trading in between "rings" between the many metal trading companies who are members of the Exchange using London as their international headquarters.

Although much of the futures business comprises "paper" transactions, there is also a large volume of physical metal traded that goes through the London Metal Exchange ware-

houses dotted throughout Britain and the Continent.

The Metal Exchange was established in Lombard Avenue in 1877, went to Whitlington Avenue, Leadenhall Market, in 1929 where it was housed for 98 years before moving last year to specially-designed new premises in nearby Plantation House in Fenchurch Street.

Plantation House, ironically, was the home of the other leading London commodity futures markets for many years until quite recently. They moved across the road to new premises in Cereal House, Mark Lane. Indeed one of them, the coffee futures market, has just moved back into Plantation House.

Stature

Cereal House is the established home of the Mark Lane domestic grain trading market where merchants now meet once a week but it also houses most of the "soft" (that is non-metal) commodity futures markets. These are cocoa, coffee, sugar, natural rubber, soyabean meal and wool futures. They will be joined on April 6 by the gas oil futures market, which the newly-formed International Petroleum Exchange has hopes of extending to several other oil products.

The "soft" commodity futures markets are truly international, attracting trading from all over the world and providing a central point for establishing world prices. The sugar market, for example, deals with world trading in sugar, not hampered by the special EEC common sugar regime which controls domestic supplies and prices within the Community.

Over the years, the London markets have gained in stature over equivalent cocoa, coffee and sugar markets because of their international nature, reputation and support from the trade rather than being dominated by outside speculators.

The soyabean meal market is mainly concerned with European trade, however, and is dwarfed by the massive Chicago futures exchange that dominates world grain trading.

London's other commodity futures—for barley, wheat and potatoes—are also concerned primarily with domestic Community trade. They are, however, housed in another famous London international institution—the Baltic Exchange in St. Mary Axe.

The Baltic is the world centre for chartering ships and fixing international freight rates.

Lesser known, but equally internationally important in their own spheres, are the London fur auctions held in Beaver Hall, Garlick Hill, and the London tea auctions at Sir John Lyon House, Upper Thames Street. In both cases the London auctions handle an important volume of supplies and help influence world price trends.

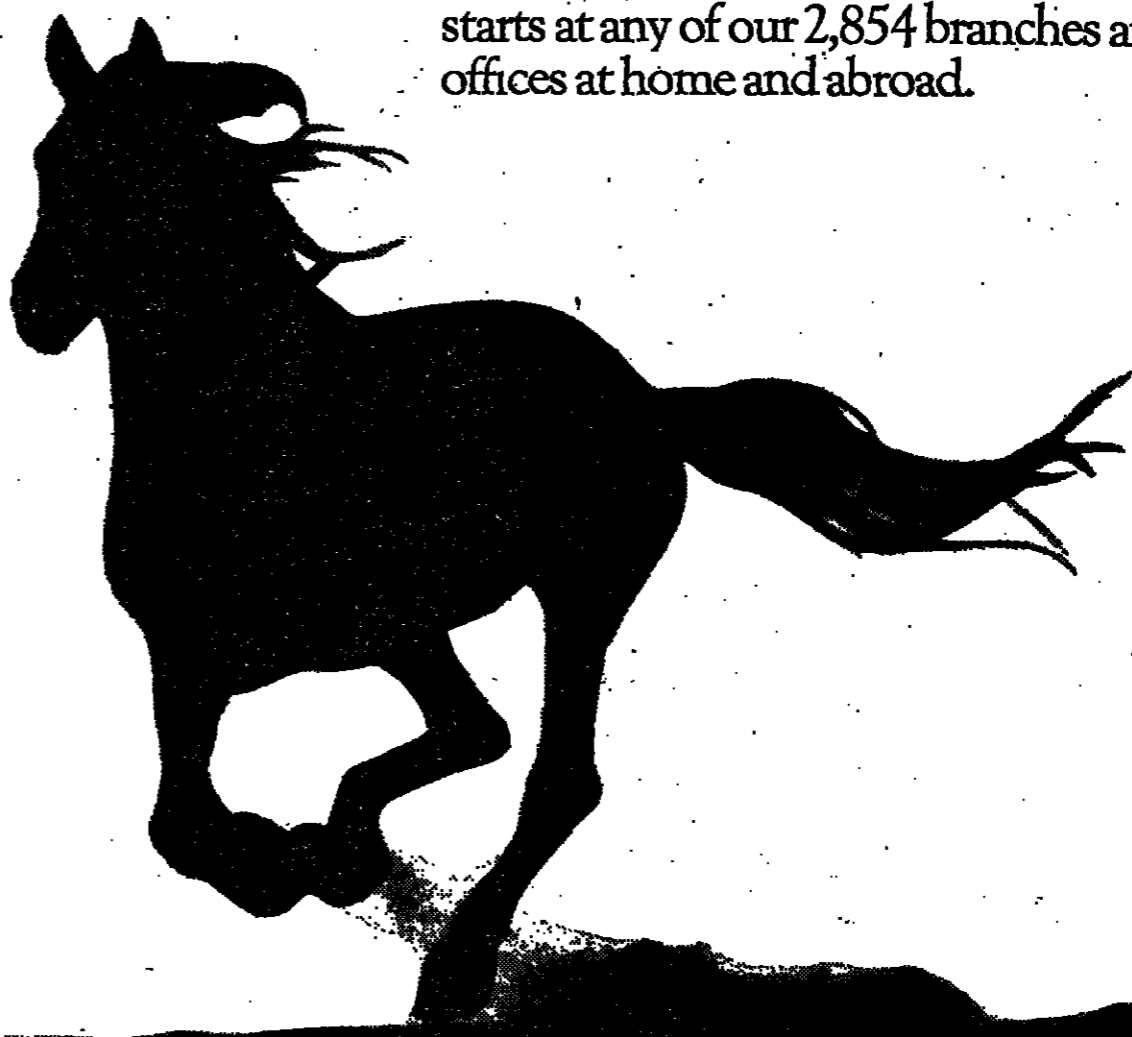
It is estimated that commodity trading in one form or another brings in the City "invisible" export earnings of well over £100m a year—the figure was probably closer to £200m in 1980. But over and above these valuable earnings is the trading opportunities created for Britain, enhanced by the reputation of the City of London.

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LONDON VI

Cramped but cheerful Billingsgate

IT IS doubtful whether by transporting a few relics, such as the splendid weather vane, from Billingsgate Fish Market in Lower Thames Street, to a new site in London's Isle of Dogs, the fish merchants can re-create the atmosphere of their cramped old quarters. For a certain life style has surrounded the old market—with customers who start looking at the many varieties of fish at about 5.30 am, popping into local cafes for breakfast.

The new market, some three miles to the east, with its spacious facilities, has little of this evolved infrastructure. A member of the National Federation of Fishmongers said: "A great number of people will miss the personality of the old market, which used to be some 25 years ago, extend to the Great Fire of London Monument. The new place is more factory-like."

However, on visiting the old market, which was built in 1877, one can understand why the move is being made. The 70-odd fish merchants are cramped in a decaying building of less than imaginative Victorian design, and which is now totally unsuited to the

demands of modern fish wholesaling. The ancient cold store, some two floors down, was built before refrigeration was developed and resembles more a series of ice caves than a store.

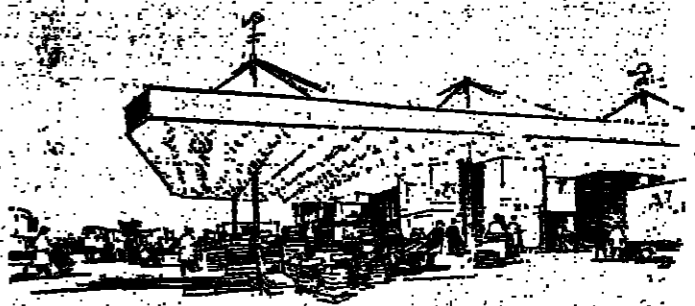
Despite such adverse conditions Billingsgate has remained Britain's premier fish market, selling more than 100 types of fresh and sea-water fish, with many offered in smoked, filleted or other processed form. As the National Federation of Fishmongers put it: "The product range available to the Londoner through retailers using the market can be justly classified as sensational."

Rents in the new site, built by the Corporation of the City of London at a cost of about \$10m, will be higher than those at the old market, which is also owned by the City. But, as merchants in the new facilities will be able to handle much greater quantities of fish and provide a slicker service, it is hoped that, unlike Covent Garden's move to Nine Elms, not too many small companies will abandon their businesses.

Lisa Wood



Old and new Billingsgate fish markets. The move to the new premises (sketched below) in West India Quay, the Isle of Dogs, is planned for early next year.



More trade attracted by versatility and tradition

CONFERENCE CENTRES

DAVID CHURCHILL

IN SPITE of the undoubted attractions of the new National Exhibition Centre outside Birmingham as a venue for conferences and exhibitions, the traditional lure of London ensures that the various exhibition centres are attracting an increasing share of the UK trade.

While the NEC has the more modern facilities and the physical scope to make it one of the major exhibition centres of Europe, London can accommodate virtually any type of conference and exhibition—from a small hotel-based conference to the facilities of the Earls Court-Olympic complex, the Wembley conference centre, or the new Barbican centre due to open later this year.

London is popular as a conference centre because it offers not only the best hotels, theatres and night life, but also the appeal of being one of the world's great cities. Overseas visitors especially are more attracted to London as a venue for a conference or exhibition than to regional locations.

London's charms have led to a number of major exhibitions switching to London from other centres. The British Toy and Hobby Fair, for example, moved from Brighton to the NEC and then switched three years ago to London's Earls Court, where it has enjoyed considerable success.

Recently, Earls Court spent some \$5m on an extensive facelift to bring its eating facilities, lifts, and toilets up to more acceptable standards. Although much smaller than the NEC, it can still accommodate such exhibitions as the annual Boat Show.

It seems increasingly unlikely that London will ever build an exhibition centre to rival the NEC. Not only would this be costly—over \$300m according to one estimate—but would also rob the NEC of trade.

Permanent

One scheme that nearly got off the ground last year was for an ambitious exhibition centre in the Surrey Docks area of London's derelict docklands. The scheme was to build a 1.3m-sq ft trade mart at a cost of \$55m which would provide a permanent exhibition centre for manufacturers and wholesalers in a wide range of consumer product areas—including clothing, furniture, and giftware.

The proposed complex would have had 1,000 permanent showrooms and was based on a U.S.-style operation carried out by the Trammell Crow company in Dallas. Eventually, however, the London project fell through because financial guarantees from the Government were not forthcoming.

Another new project still at the planning stage is on the site of the former St. George's Hospital at Hyde Park Corner. The plans are for a renovation of the principal buildings and the development of the two-acre site—possibly costing between \$30m and \$40m—to include an exhibition and conference centre. The project is still being considered by Westminster City Council.

The most interesting new project near completion is the new arts and conference centre in the Barbican development in the City of London. This new centre, understood to have cost more than \$100m, will be formally opened early next year, but the first business conference will be held

there in the autumn. The new centre will also be the permanent London home of the Royal Shakespeare Company and the London Symphony Orchestra.

The centre's facilities means that up to 3,500 delegates can be accommodated for a single session of a number of smaller sessions handled simultaneously in small conference rooms. The various conference and seminar rooms can be linked together and with the main hall by closed-circuit television. In addition, the centre has two exhibition halls adjacent to the main building which provide a combined gross area of 86,000 square feet.

The technical facilities include colour television monitors, video control and recording facilities, production lighting and sound, 16mm and 35mm projection, and up to six simultaneous language translators.

The first exhibition in the centre will take place from November 15 to 19 and will be called Inscape '81. This event, sponsored by the Architectural Press, will cover a whole range of interior fittings and design, projection, and eight languages.

A City of London exhibition, sponsored by the London Chamber of Commerce and Industry, will be held from November 30 to December 4.

At the same time, two major conferences will be held in the centre. On December 1 and 2, the Financial Times and the City University Business School will hold a conference on international finance. On December 3 and 4 the EEC Commission will sponsor a conference on the Lomé Convention.

Major venue

The Wembley Conference Centre has become a major venue of sporting and business events. F. W. Woolworth, for example, recently hired the centre to announce its major price-cutting campaign, while the Labour Party's recent one-day conference was held there.

Up to 2,500 delegates at a time can be accommodated at the centre in the main auditorium and some of the impressive technical facilities available are a satellite and closed-circuit relays on a 16-foot television screen, multi-screen and 30,000 sq ft exhibition hall.

in simultaneous translation. The centre's Avon and Severn suites may be adapted for functions of between 130 and 500 people, while smaller rooms for up to 60 are used for lunches, sales reviews and recruitment interviews. For conferences incorporating exhibitions, the Thames suite provides a versatile display area of 3,000 square metres on two levels.

The centre is about 10 minutes by rail from central London and 20 minutes by road, not allowing for the inevitable traffic jams.

London's versatility as a conference centre owes much to the number of large hotels with conference facilities. All the major hotels can provide a complete package of media, accommodation, and conference facilities which add to the appeal of coming to London for the conference organisers.

Other smaller specialist centres are also available. The Kensington Exhibition Centre, for example, offers on a single floor sufficient room for a 1,000 delegates conference, a fashion showcase, a banqueting suite and a 30,000 sq ft exhibition hall.

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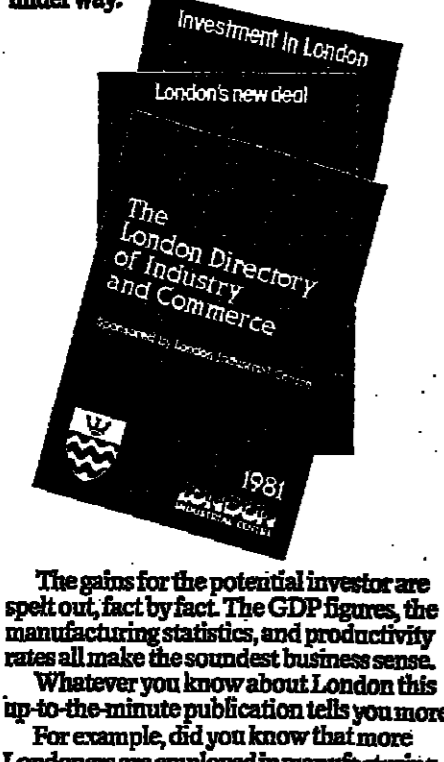
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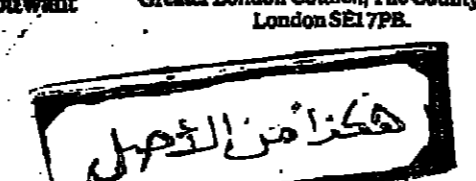
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Safe cheques

Is it true that owing to a recent judgment, crossed cheques are safe from thieves and bankrupts unless they bear not only the words "not negotiable" and "a/c payee only"?

By "safe" I mean that only they will be drawn on by a bank which, due to oversight, accident or error, pays out the amount stated to a pretended drawee, or permits a bankrupt to pass on the cheque to someone else, thus leaving the drawer in debt to the bank.

If that really is the law today why does it take three crossings to make a cheque legally safe, viz a pair of diagonal lines and the two magic phrases quoted above? And what do they all mean individually?

And finally, why will the banks only issue to the public "crossed" cheques with only the pair of diagonal lines leaving it to the drawer to insert in his own handwriting the somewhat obnoxious two magic phrases?

The law has not been altered by recent decisions. The effect of crossing a cheque is to require presentation for payment through a bank, so that the drawee bank is liable if it pays to a person who is not a banker. That affords some protection against theft, as the thief cannot present the cheque for payment over the counter.

The addition of the words "not negotiable" to a crossing does not restrict negotiability; it merely limits the title of the person taking it to that of the transferor; the holder cannot obtain a better title than that of his transferor. Section 81 of the Bills of Exchange Act 1882.

Although adding the words "account payee only" to a general crossing is not provided for by statute it has been held to be sufficient to put the collecting banker on enquiry where the cheque is being collected for someone other than the stated payee, so that it does in practice (though not in law) prevent transfer. Banks will normally issue cheques with a printed crossing with the added words "not negotiable" and "account payee only" if requested by their customer to do so.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Where law and order is a manageable resource

Ian Hamilton Fazey looks into the organisation of the Merseyside police

PART OF Ken Oxford's management training was to be a fly on the wall at ICI, Marks and Spencer, and Plessey. It left a deep impression on him.

On days when he feels he just can't win, he casts an envious eye at the private sector. "Management in industry has a profit and loss account," he explains. "The only profit I can lean on is a civilised atmosphere. How do you quantify a civilised atmosphere?"

Ken Oxford is a chief constable. His beat covers an area with higher rates of violence, burglary, robbery and drunkenness than any other English metropolitan county. If he remains people of this he is apt to be attacked for doing the area's image no good.

The area is Merseyside, where unemployment continues to run at double the national average, where economic decline is ever-present as staple and outdated industries fade away, and where a great deal of effort is being expended by Oxford's employers — the Merseyside county — to stem the flood of doom.

He has an answer to critics who accuse him of marring Merseyside's image: "People are going to invest more in the area if they think we're in control. They want to know it's safe. If you are going to open up, say, a shopping centre, you want assurances that you won't be robbed, vandalised or burnt down. Should I keep things quiet? I am bound by law to publish statistics and the media will tell me about crime on the streets anyway."

Oxford is an enthusiast about good management. He sees the application of general managerial principles as the key to gaining control over lawlessness. Within the next 12 months he will have an unprecedented chance to prove his point: he has pioneered the introduction of a new computerised information system that will transform the management of his resources.

The new system will start operating during the late summer, and its effect should be dramatic. Merseyside has 4,670 police at present. Oxford reckons that using them more efficiently, which the new technology will allow, will be equivalent to adding between 2,000 and 3,000 more.

In its own way, this will be a prodigious increase in productivity. The new technology, consisting of the latest in telecommunications, a new, large computer, and some very sophisticated, specially-developed software, will all be housed in the new police headquarters being completed on the Liverpool waterfront. Total costs, including the building, will be nearly £14m. It sounds a lot until you look at the cost of 2,500 police, which is about £31m a year in wages and employee support costs.

and he encourages qualified officers to join. The size of his current-year budget, involving £47.2m of gross expenditure, is an indication of why such skills are needed, if the police are to give value for money.

In contrast to many a counterpart in industry, however, he also needs to practice political skills in public. "But you must be apolitical," he says. "You have to speak the truth in any situation but you must take great care not to identify with any political party."

At one level, his managerial problems were illustrated at a recent, and extremely difficult, meeting of his police committee — the statutory watchdog body of county councillors and nominated magistrates — which had been "invited" by a county council policy committee to cut £2.25m from Oxford's 1981-82 budget of £76m net.

Many of Oxford's counterparts at senior management level in the private sector might find this difficult to believe, but no one consulted him in advance about the proposed budgetary cut. He was furious. "I don't indulge in the unnecessary in a community that is on its uppers," he says. At the committee meeting he went straight onto the attack.

Tailor-made systems

Oxford says that his is an advance on the London and Strathclyde police computers. Already, interest is being shown by police forces in Canada, the U.S. and West Germany, which must also augur well for Software Sciences, the BOC subsidiary which has the software contract and has been tailormaking the new systems from scratch.

To Oxford, running a police force is big business, and he therefore puts management skills high on the list of qualifications for senior rank. He himself was last year's chairman of the Merseyside branch of the British Institute of Management

computer. The hobby, on the beat will be able to communicate directly with it by personal radio. The operational commander of the day will be able to see at a glance where all his resources are, in marked contrast to the present situation, where he would need to make 15 phone calls and hope they would all be answered.

Administrative reorganisation will also be made possible, reducing the number of divisions from 11 to seven and thus saving four managerial units and its concomitant paperwork.

Particularly useful too will be a facility that will enable a person dialling 999 to be connected directly with the police officers on their way to

the scene. "For instance, it's critical, if you're a caretaker or watchman reporting the presence of intruders, to be able to tell us the best way to come in and catch them, right up to the moment we arrive," says John Barrow, assistant chief constable in charge of the development.

Other benefits from the technology will be an end to much paperwork, such as the quadruplicate reporting that Oxford sees as both time-wasting and defensive. He is looking forward with some relish to the improvement in this freedom from paperwork is going to bring to standards of management. He says his fly-on-the-wall days at Marks and Spencer — as part of his police training — where he

found little bureaucracy and large responsibility delegated well down the organisation, have given him a standard to aim for. He adds: "The police service still has a lot to learn. If you delegate command you have to let them get on with it."

As for the need for accountability that fosters defensive paperwork, Oxford believes that the information-crunching capability of the computerised system will satisfy all the necessary mechanics, with information more easily accessible in electronic form, easier to co-ordinate, and capable of more effective use in fighting or preventing crime and, indeed, in managing the force.



Area	Police Officers	Police Officers per 1000 population	Police Officers per 1000 population (1970)
Merseyside	13,416	3.03	2.81
S. Yorkshire	12,577	2.10	1.90
Northumbria	12,556	2.31	2.08
W. Yorkshire	12,445	2.41	2.17
Gtr. Manchester	12,332	2.59	2.34
W. Midlands	12,332	2.42	2.18
London	14,925	0.08	0.08
Other Metropolitan Authorities	12,763	2.49	2.23

Branco Radovic

rather the demand for policing it — was not always bursting at the seams anyway.

Why is it so much worse on Merseyside? Oxford maintains: "Crime is part of the economic structure of the area. You have always had it. In a port you get a particular type of lawlessness. There will always be goods around that will appeal to people with a criminal propensity. In an area like this you also have the results of large-scale immigration of people from many different backgrounds, although things do settle down over the years. It does mean, of course, that we are not just a law enforcement agency; we are a community agency. The community is our problem."

More people on the beat

Oxford believes that recent investment in extra policemen and women has kept the lid on the increase in crime, whose 6 per cent increase on Merseyside last year was less than the national average. To screw the lid down tighter, and help the police community role, he wants to get ever more people on the beat — working in the community. His new technology will be a key factor in releasing more police on to the streets.

He is particularly anxious not to waste the £16,000 it costs to train a police officer. "It is foolish housekeeping to keep policemen in administrative jobs. It's always cheaper to buy clerks from outside. You can't waste trained officers on work that can be done by other people."

Almost as a matter of course, Oxford is preparing to defend the new technology against

potential critics. Part of the defence is to ensure that the computer will be isolated and not accessible via any other system. After the death in custody of Jimmy Kelly, who had been arrested for drunkenness, and the resultant furore (in which the police were cleared following a protracted and public inquiry), Oxford is understandably on his guard in potentially sensitive areas.

Once again, he sees the freeing of more and more police for the beat as the key to community acceptance of the new approach. He also takes refuge in disclosure: "I am a great believer in communication. The policeman on the beat is part of a reassurance, part of a better image and a better service to the public. The most important person to whom I am accountable is the person in the street who wants to park a car and know it's not going to be stolen, broken into or vandalised, who wants to go to football matches in safety, or even march in peaceful protest against the Government's economic policies."

He believes he has one other thing on his side: the "basic good sense" of most people on Merseyside. "At the heart of everything is a tolerance and pride we can build upon. The great majority of people are law-abiding and good-humoured, and their policemen are Scousers, too."

In a region that sometimes seems obsessed with its image, Oxford's no-nonsense, do-something-about-it approach to the management of lawlessness gives pause for thought. His "civilised atmosphere" may not be quantifiable, but his approach to policing at least holds out the promise of containing crime, and tilting the odds against the wrongdoer.

Past and Future Dumfries & Galloway



Dumfries and Galloway is an area with deep historical ties both cultural and social. Traditionally its main industries have been fishing, farming and forestry. But as man's technical knowledge advances and with it the changing needs of today's society, Dumfries and Galloway has had to make big changes too.

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A.C. Penman, Sidlaw Tiles, British Nuclear Fuels, I.C.I., Uniroyal, Wolsey, Kangol, Ladybird, Steirad, Clarke Chapman, Carnation and many others. They have found the area both profitable to work in and delightful to live in.

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For further information about Dumfries and Galloway contact Alan Anderson, Regional Industrial Development Officer.

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22 LOMBARD

Questions for Sir Geoffrey

BY PETER RIDDELL

IT IS TIME to ask some fundamental questions about the Government's economic policies. So far the post-Budget debate has been both predictable and largely sterile. The issue of whether or not the Budget is contractionary is obviously important but it is unlikely to be resolved by a salvo of familiar points.

Moreover, little new was learnt when officials appeared before the Treasury and Civil Service Committee of the Commons last week. The MP's questioning was disjointed and the only notable feature was some robust comment from Mr. Frank Cassell and Mr. Huw Evans of the Treasury about the prospects for a gentle recovery of output.

Unanswered

No doubt all this ground will be covered again this afternoon when Sir Geoffrey Howe is questioned by the committee. But the time could more usefully be spent in looking at some of the major questions left unanswered, and in some cases unasked, since the Budget.

1—The distributional impact of Government policy. Mr. Michael Meacher, a new member of the committee, asked some pertinent questions last week about changes in the tax burden at varying levels of income, to which the Treasury is supplying a written reply. This issue and the related one of the worsening of work incentives and of the poverty trap go to the heart of the debate not only about the social effects of Government policy but also about the functioning of the labour market.

2—The tax base. Chancellors of the Exchequer of both parties have complained about their limited room for manoeuvre on tax. One reason is the multitude of tax allowances and reliefs. The public spending White Paper lists these allowances, including mortgage interest relief (£1.96bn in 1980-81) and relief for pension schemes, self-employed retirement annuities and life assurance premiums (£1.49bn in total). Has Sir Geoffrey any plans to phase out these reliefs? This would both provide greater equity in the tax system and remove some of the distortions

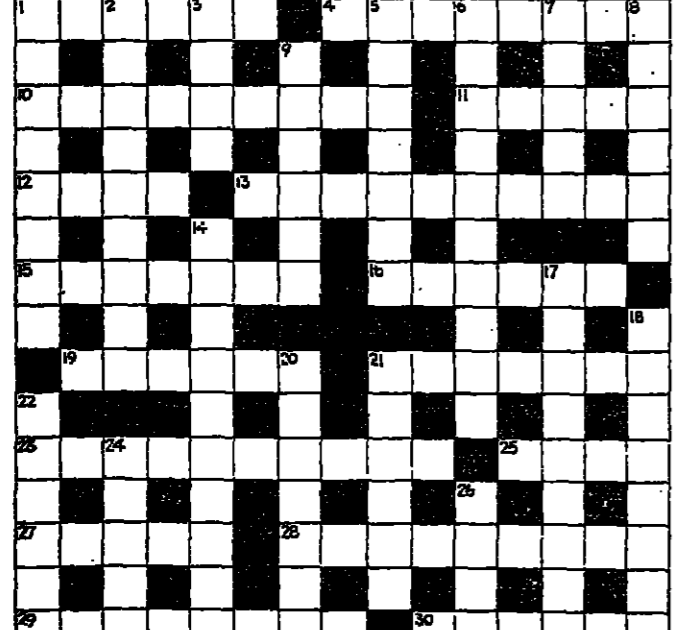
The options

Treasury ministers have said they will be pressing for cuts in spending in the summer and autumn review. But which programmes will be cut? Defence? Social Security? It would probably serve the interests of the Treasury as well as those of more open Government if a Green Paper was published setting out the options. Sir Geoffrey could make a start this afternoon though he would have to be more positive and less defensive in front of the committee than he has been so far. And the committee would itself have to look beyond the obvious short-term issues.

TV/Radio

6.30-7.55 am Open University (Ultra high frequency only). 9.05 For Schools. Colleges. 11.25 You and Me. 11.40 For Schools. Colleges. 12.45 pm Regional News (except London). 1.45 Trumpton. 2.01 For Schools. Colleges. 3.00 Speak for Yourself. 3.53 Regional News for England (except London). 3.58 Play School. 4.30 Winsome Witch. 4.35 Jackanory. 4.40 Tony Hart. 5.00 John Craven's Newsround. 5.05 The Bagthorpe Saga. 5.35 Fred Basset. 5.45 News.

F.T. CROSSWORD PUZZLE No. 4528



- ACROSS**
- Crime squad backing essential false front (6)
 - Very hot right inside local (8)
 - Lot of important chap before end of May (5, 4)
 - Gather there to be a service (5)
 - Well it can be very uninteresting (4)
 - Confine one province to this part of the world (10)
 - Scratch social misfit (4, 3)
 - With this present near (6)
 - Ancient on sign of middle-age (6)
 - Descent city in secret termination (7)
 - Unruly Roman looks that may be frying tonight (4, 6)
 - The best services one spots (4)
 - People from the West-end to spray with water (5)
 - Press and TV get into trouble making peace (9)
 - There's no stopping motorist taking this road (8)
 - Shut up stuffy daughter (6)
- DOWN**
- Follows company drudge (8)
 - Tidies love letter inside courier for a start (1, 4)
 - Ate another kind of southern food (4)
 - Swimmer catching a bit of the sun (7)
 - Waste time in rush hour (4, 6)
 - Stretch neck of bird (5)
 - Tenaat the French notice (6)
 - Pei embracing welcome warning (6)
 - Females curse their clothes (6, 4)
 - Shares that depressed carpenter (4, 3)
 - Time newsman matured (8)
 - Cover up novel heroine in chaste delight (7)
 - Dull-of youth leader (6)
 - Bend to face disorder opposite 4 (6)
 - Ice cream outside right gives old woman (5)
 - Postman heard (4)
- Solution to Puzzle No. 4527**
1. SHORTEST 2. BURNING 3. DRY 4. DRY 5. DRY 6. DRY 7. DRY 8. DRY 9. DRY 10. DRY 11. DRY 12. DRY 13. DRY 14. DRY 15. DRY 16. DRY 17. DRY 18. DRY 19. DRY 20. DRY 21. DRY 22. DRY 23. DRY 24. DRY 25. DRY 26. DRY

Small can be beautiful on acid soil

THE MOST famous spring gardens have an asset which is seldom discussed: they lie on acid soil.

They grow azaleas and camellias, the best magnolias and exotic primulas wherever the ground is damp. Their flower beds tend to be light and easier to handle than my heavy loam with its high proportion of lime. Generally they are large garden sites like Windsor Park or Glendurgan in Cornwall with its magnificent grass vistas between sloping banks and mature Astatia shrubs.

From April onwards, they are all worth visiting, more interesting than the big carpets of daffodils of the spring gardens which open to public visitors on alkaline soil. What, though, can be done by the gardener with a small acid piece of ground, the fate of most of us.

Last week, I saw a shining proof of my belief that good gardens do not have to be large or laborious. The smaller they are, the smaller the plants which they can use.

The site was unpromising. It lay along the inner side of the front garden's wall and faced due east. The sun did not reach it and the soil at the foot of the wall was so heavy that its owner decided to build it up. He made himself a bed about 10-foot long and two-foot wide which he supported by a two-foot retaining wall of his own.

Its spring flowers are a perfect shade of pure sky blue at a height of only six inches and have the style of a splendid anemone. They have the same

shape and open petals and, as long as you leave them alone, will grow steadily and expand over the years. By late summer, their leaves are untidy but can safely be cut back to make room for something else.

All hepaticas are good, but this one is the star turn. Clearly it likes chicken manure.

The Dogs' Tooth violets, or erythroniums, are ideal plants for a raised acid bed. I urge

nursery as the bulbs, like lilies, hate to become dry and must be planted as soon as they are to hand.

Be warned that their first year is usually a wash out, but they expand thereafter and you must not judge them too quickly as an expensive flop. In shade, peat and a damp site, they will draw all eyes. In a raised bed they can be appreciated. If you look out for them now you

will see what I mean in their flowering season.

By late spring, the primulas take over, limited to a few plants only. The lovely auricula Blue Velvet, the rust-red Kulus and the plain lilac-mauve Denitidula whose rounded heads are well known, but will always rank high among my first choices for any site which is not too dry. Beside them, there are white Trilliums, the single Wake Robins of acid American woods.

Their owner, like myself, has a soft spot for the family of American shooting-stars or Dodecatheons whose flowers hang down like open cowslips

garden on the right soil should have recent crosses like Kingfisher or Midnight, whose names explain the colour of their trumpets of flower at a height of six inches. On the evidence of plantings in botanic gardens, I suspect that the strong blue invertebrate form is the most robust and free flowering. In a confined bed, you have to pick and choose but you can now range across all the shades of true blue and even try the handsome white form of the well-loved Chinese autumn gentian, Sino-Ornata.

You should not be nervous of this easy plant. All prefer shade and will flower abundantly by September. I have seen them grown as edging plants in Scottish flower gardens beside the path, so much purer in colour than our mauve thymes and anemones.

No doubt there was more that escaped my notice, for one principle of this small bed has been the choosing of plants which flower and with, leaving room for others to spread across their gaps. There were not heathers, you will notice, but the result was a garden for three seasons to which more summer colour could be added at will.

Based above ground, the plants are safer from slugs. Their drainage is sharper and they are packed in where each can be appreciated, however small the scale.

GARDENS TODAY

BY ROBIN LANE FOX

them on any town gardener who can only grow a few plants but can take special care of them all. The newer hybrids are superb and I still give the prizes to the self-explanatory White Beauty and the Yellow Parade.

These varieties derive from distant California and are taller and stronger than our European relations. Their flowers hang elegantly on 9-in stems of bold leaves and are one of the wonders of a spring garden. Three of each spring long way and should be ordered from a bulb merchant in autumn. It is even better to obtain them in pots from an alpine

Another Captain looks good

TWENTY-ONE remained in the William Hill Lincoln after yesterday's four-day declaration stage, and it could well be that of those only one, Bonol, will be missing from the big race line-up on Saturday.

Bonol misses the Lincoln in favour of Thursday's new event, The Doncaster Mile, for which Cracaval, Braughing, Cracking

Eddery will be at Doncaster, since his intended mount for O'Brien is an absentee.

Eddery has been secured for a Lincoln outsider, the Jack Hardy trained Renegade. His mount, a 50-1 chance with Ladbrokes yesterday, is now a top-priced 33-1, following support with that company. Herons Hollow and Folk Hero have also been attracting interest.

Heavy ground that afternoon, but, surprisingly, no course inspection is planned for a meeting lost a year ago to water-logging.

For many, the feature of a somewhat uninspiring card will be the three-mile Stewart Wight Memorial Handicap, in which the Grand National hope, Another Captain, will be out to underline his Aintree prospects.

Returning to the Lincoln, there has been a quick reaction to yesterday's news that Pat

pected, he makes another bold showing here, the 50-1 available on him for the Sun Grand National will quickly be snapped up.

Ridden by the still-underrated Colin Hawkins, Another Captain should be capable of winning if he reproduces the form which recently saw him beating What A Coup and Peaty Sandy in the King's Own Scottish Borders Cup here.

On that running, Another Captain ought to have an advantage, albeit a narrow one, over Peaty Sandy, whom he meets on 6 lbs worse terms.

KELSO
2.15—Collegue
2.45—Another Captain
3.15—Prince Keel**
3.45—Lough Secret**
4.15—Lord Provost
4.45—Rose's Secret*

RACING

BY DOMINIC WIGAN

Form and Davidgalley Affair may well be runners.

On the same afternoon, the 1981 Flat campaign gets underway with the Breckley Stakes, for which a single-figure field is anticipated.

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4.15—Lord Provost
4.45—Rose's Secret*

HTV
1.30 pm HTV News. 2.00 House-
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Stephen Boyd and Woody Strode. 5.15
Dick Tracy. 5.20 Crossroads. 6.00
Report West. 6.30 Saturday Night.
7.00 News. 7.30 HTV News. 8.00
Marianne, starring Susan George.
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Television

by CHRIS DUNKLEY

Radio 3

by DOMINIC GILL

memory slip was expertly camouflaged—in all of these, and elsewhere, every line and detail was beautifully observed.

Brendel ended with three Liszt pieces played in sequence: the late *La Lugubre Gondola* No. 1, darkly brooding, powerfully expressive, and amazingly without tonal center followed directly by the two St. Francis *Legendes*—the sermon of the first delicately pointed, incandescent, the wave-walk of the second sonorous and without hyperbole grandly conceived.

Following the recital will be repeated on Radio 3 tomorrow at 8.55p.m.

Wigmore Hall

Melos Quartet's reading of *Death and the Maiden*. The tight integration of bowing and attack—ranging from light, whispering pianos to a resonant fortissimo—was harnessed to ends wholly in keeping with the composer's intentions. One especially enjoyed these exceptionally well prepared players' willingness to take risks, and occasionally come unstuck, because of their commitment to the music. The leader's loss of pitch security, and the fact that patches of ensemble intonation towards the end of the variation movement were easily forgiven, considering this quartet's variety of perception and mood in this wide-ranging piece.

Purcell Room

would expect him to exploit to the full. The pianist for the recital was Peter Evans and one wonders how productive the choice of a more expansive and imaginative partner would be and how Isserlis might react to interpretative ideas as fully formed and whimsical as his own. Whimsy it must have been that led him to commission a piece from David Fanshawe — *Intermezzo, The Awakening* — which was given its premiere. It is Fanshawe's first work for live performance since his *African Sanctus* and *Intermezzo* are striking statements on the slenderness of themes, more suitable as background music to a slow motion pastoral film scene than as a serious concert piece.

Paris theatre

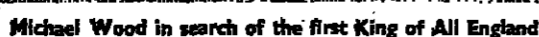
by NICHOLAS POWELL

**At Remploy we're more
concerned with
ability than disability.**

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And they'd be the last ones to want it any other way.

Remploy
Britain's biggest employer of
severely disabled people
is part of the International
Year of Disabled People.

[illegible]

So too was Westward Television's biography of Ernest Bevin, *A Turn Up In A Million*, even though it seemed at the beginning that one's eyeballs would never stand the strain with which the programme averaged every seven or 68 sequences in eight minutes according to my stopwatch. Either that slowed down or one grew used to it, however, and at the end of an hour I knew far more about Bevin than I ever had before, thanks to Peter Gwyther, who wrote, directed and produced, and to the TV marks of a good programme. I was left sufficiently interested to want to know still more.

Certainly Wood is no dry-as-dust academic, and he may not even be the greatest living expert on the period. But—and this is his great strength—nor is he some elegant ignorant front man who has been hastily crammed with facts by cossetting researchers. He is a historian and in this medium an ounce of knowledgeable enthusiasm is worth a ton of incommunicable expertise.

The high point of the Athelstan programme, even though it had little to do with the central theme, came when Wood, beating the bounds of the land given to the King's armour-bearer, suddenly realised even while the camera turned that the ditch he was following might well mark the

Admittedly the same could not be said for *Once in a Lifetime* which told more about the lengths to which Yorkshire TV will go to manufacture a "documentary" than it did about the supposed adventures of landscape painter Ashley Jackson. The only thing we learned for sure about him is that like most sensible people he is terrified when charged by a baby cow.

But one dud among so many worthwhile factual programmes was also retained. *Panorama's* excellent study of Camden Council's insane expenditure, especially interesting for those of us who pay Camden rates, and the second in the quiet but informative *Roots of England* series—still leaves fact miles ahead

* John Calder, £3.95 paperback, £6.95 hardback per volume.

Schubert composed his Fourth Quartet, in C major D.46 at the age of 16. Though it is an enterprising piece, it is neither wholly individual nor successful within its own terms. By playing it with great intensity, a marvellously wide range of dynamics and an impressive, if relentless brilliance,

Purcell Room

A year ago Steven Isserlis gave a recital in the Wigmore Hall that showed him to be a young cellist of great, if as yet unequal promise. In the Purcell Room on Monday he made the same impression, but at the same time revealed an altogether more complex musical personality. The change of venue had much to do with it; the scale of many of Isserlis's expressive gestures is small and easily lost in communication to the back of the Wigmore Hall. Here everything was more faithfully projected.

The connecting thread between cellist and audience is still fragile, however. Too often he appears to enter a reverie, content to turn the music in upon itself and the result is unremarkable yet always neat

in B flat major D.112. Though the gap between Schubert's more assured, Mendelssohnian brilliance and the players' expressive aims was narrower in this work, the Andante sostenuto again revealed narcoleptic tendencies.

Many, if not all, of these problems disappeared in the

Steven Isserl

playing. The return to direct involvement is sometimes abrupt, and there are surprises also in the vulgar way Isserlis will dispatch a phrase that one would expect to hear beautifully glided, or in the sudden lapses of fine tone. Preciousness is sometimes invited: the last movement of Boccherini's third cello sonata, which began the recital, is marked as a minuet but Isserlis took it as the slowest of courtly dances, savouring every phrase and producing a self-conscious display of legato bowing.

in Brahms's E-minor cello sonata the veiled tone and introverted cast of much of the music suited Isserlis very well, though strangely he made little of dramatic moments such as the beginning of first-movement recapitulation that one

RICHARD JOSEPH

ANDREW CLEMENTS

Sobel says his interest in Marlowe stems from the fact that the playwright was fascinated by "marginal" characters. His production, finely acted with no scenery and minimal costumes and props (with how-ever appropriate glittery special events for Edward and Gaveston) set the king and his lover in hopeless isolation from the grey garbed, thuggish English barons. Philippe Cleave, not as Edward has trouble making the king's irresolution and emotional giddiness convincing. Very subtly performed, on the other hand, is a scene between Mortimer and Isabelle. Our sympathy goes out more to the tormented queen, torn between her loyalty towards Edward and her son, her desperate efforts to be loved and her growing fascination for Mortimer, than to her dithering

The production, taken at tremendous pace, is full of violence acted and verbal and, even in French, some of the Marlovian verse comes through. The director, Jean-Claude Sautou, even Sobel has his actors put all their punch into the scenes of abdication, after which Edward's final degradation and horrendous death seem little more than a formality.

At the Theatre de L'Est, Parisien Guy Retore, after a respectful look last year at Becker's "Endgame" has produced a "Jesaco" which is a little more than a play. The play has little of the humour of Jesenco's earliest work ("La Cantatrice Chauve" and "Les chaises" are still playing at la Ruchette, over twenty years after they were first enacted to death on the stage of the T.E.P., none at all.

Jesenco's sole illumination in

Christopher Haugen, "Eclipse" to

Total Eclipse by Christopher Hampton opens at the Lyric Hammersmith on Tuesday, May 5 at 7.00 pm, running until Saturday, May 30.

Total Eclipse was written between Hampton's debut as a West End playwright at the age of 18, and his later success with

critics have been enthusiastically rediscovering Ibsen's *Wild Duck*, directed by Lucian Pintilie. Some of the strangled, claustrophobic tone of Ibsen's tragedy has evaporated in what is an "extrovert," not to say sometimes shrill production with some sense of great emotional intensity. Costumes are by Radu and Miruna Borzescu, a Rumanian couple who first came to Paris in 1974 to work with Pintilie.

Despite the hugeness of the Theatre de la Ville stage the Thorzeux have managed to construct sets which project both the size and the claustrophobia of Werles' mansion and the desperate, crowded poverty of photographer Hjalmar Ekdal's

Le Canard Sauvage is playing alternate nights with *Au Bonheur des Dames*, Christian Liger's adaptation of Emile Zola's novel about the misery of life in that Second Empire invention—large department stores.

The play traces the social promotion of little provincial girl turned vendor Denise via her love affair with the store's boss, Octave Mouret. But what Zola spent 400 pages on is not well suited to the stage—at least in an adaptation as unimaginative as this. The play does manage to investigate the grotesque social injustices upon which such stores were, economically speaking, built. But no amount of stage business designed to underline the bourgeoisie clients' greedy coquetries and the victimized shopgirls' fighting for promotion-minded salesgirls can turn the production into a real play as opposed to just "the play of the book."

ington's "Total
be revived

its first production at the Royal
Court Theatre in 1968, it has had
a growing underground reputa-
tion, though it remains his least
known play. The text has now
been extensively rewritten for
this, its first major revival.

The play recounts the relation-
ship of two of the greatest
French poets of the 19th cen-

Christopher Hampton's "Total Eclipse" to be revived

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Wednesday March 25 1981

The pricing of commodities

OVER THE LAST year the economic recession has exerted a relentless downward pressure on the prices of most commodities flowing from the third world. It is all the more surprising therefore that the calls for International Commodity Agreements, and for the Common Fund which is supposed to bankroll them, have remained relatively muted.

Indeed the state of play on the commodity aspects of the New International Economic Order demanded by the developing countries contrasts sharply with the idealism of five years ago. When UNCTAD endorsed the principle of an Integrated Programme for commodity price stabilisation in 1976, the talk was of a \$60m fund to finance the buffer stocks needed to cushion the price movements on up to 18 commodities. Today there is agreement in principle on a fund of just \$750m, which needs to be ratified by 91 countries before it starts operating in March 1982. So far it has been ratified by no one.

Symbolic

Meanwhile the commodity agreements ready to benefit from the fund remain extremely thin on the ground. Only one such agreement, for rubber, can be said to derive in part from the momentum for an Integrated Programme generated in the middle 1970s. Of the four other agreements—Tin, Cocoa, Coffee and Sugar—the Cocoa pact dissolved last year and the tin agreement is currently the subject of difficult renegotiation.

The tin agreement is the grandfather of all commodity pacts and the outcome of the deadlocked negotiations, scheduled to end on Friday, is therefore of symbolic significance for the future of price stabilisation. In particular, the lack of American enthusiasm for the pact could well signal the new U.S. administration's feelings about all such commodity arrangements.

Both North and South have had a hand in the waning of enthusiasm for the panopoly of buffer stocks once envisaged. It was the initial impact of the OPEC cartel which encouraged the industrialised countries to avert a broader North-South confrontation over commodities by going along with the idea of an Integrated Programme. The recent disunity in OPEC, the failure of attempts by producers to control prices in coffee and cocoa, together with a rightward shift in the economic government of several major industrial countries, have reduced enthusiasm for this concession.

The enthusiasm of commodity exporting countries for commodity pacts has dwindled as well. While their UNCTAD negotiators were able to point to a victory in principle when the North agreed to the scaled-

down common fund, the commodity producers have been discovering, in practice, how difficult it is to bolt an ICA together.

The lack of success in creating a copper agreement is an obvious example. Just as much as the differing views of producer and consumer, it was disagreement between producers, coupled with the formidable problems of storage and the scrap market, which doomed the attempt to failure.

The result of such experiences is that, despite the discomfort of recession, the commodity producers have drifted towards a more liberal view of commodity trade than was thinkable five years ago. The original goal of commodity price "enhancement" through ICAs—and thus a transfer of resources from North to South—gave way gradually to price "stabilisation." And now even the idea of stabilisation through the use of buffer stocks and production quotas appears to be wilting in the face of the practical difficulties involved.

The emphasis in the discussion of the New International Economic Order has shifted to the question of energy-induced balance of payment deficits and how they should be financed, and away from attempts to levitate commodity prices above the levels dictated by demand in depressed markets.

This reconciliation with a more market-orientated, less dirigiste, view of commodity trade is a welcome development, but not one which the North can view with happy complacency. Precisely because commodity prices are falling, while the oil price remains high, the industrial countries need to rally round the developing world with aid, with suitable forms of loan finance, and with open markets for third world products.

Processing

While the "first window" of the Common fund, with which buffer stock were to be financed, now looks increasingly redundant, the "second window," becoming more important, is offering loans to a commodity producing country to improve its productive efficiency, to increase the degree of processing before shipment and to support marketing efforts. There is a case for boosting the size of the second window, above its present envisaged limit of \$350m.

Most important, and most challenging, the tariff walls against the import of processed raw materials must come down. Developed countries may gain some satisfaction from the third world's apparent reconciliation with the free market. But they do so with hypocrisy if they meanwhile erect trade barriers between themselves and against their poorer neighbours.

Opening up the pension funds

WHENEVER ITS interests are threatened by politicians and social reformers, Britain's pension industry has divided as well as united. The fact that the \$40bn worth of assets it controls belong ultimately not to the powerful and the rich, but to the millions of ordinary working people who are members of occupational pension schemes. Whenever dividends or the freedom to invest come under attack from the left, Britain's financial community argues strongly that it is the income of poor pensioners, as well as of rich capitalists, that are being attacked. Both these arguments are perfectly valid. But they would acquire much greater credibility if pension scheme members were treated by pension managers as if they were the owners, and not merely the passive beneficiaries, of their pension funds.

Administration

The gradual recognition that, in a property-owning democracy, the ownership of financial assets, as well as of real estate, has been demoralised, might ultimately be the most important consequence of the reforms of pensions management, which were recommended yesterday by the City Capital Markets Committee. More immediate advantages could include improvements in the quality of pension administration, better understanding among pensioners and future pensioners of the benefits which they can expect on retirement and, last but not least, more effective checks on some of the dubious practices which have been carried on by a few pension funds, to the detriment of the pension industry and the investment community as a whole.

The legislative changes proposed by the Capital Markets Committee—a group of bankers,

THE current stampede by major oil companies seeking to take over minerals and mining concerns seems to have some of the characteristics—impetuosity and a bottomless purse—of a big football pools winner on a first spending spree.

In fact the oil companies, unlike most other sectors of industry, are flush with cash thanks to the recent surge in crude oil and natural gas prices and the sooner-than-expected decoupling of U.S. oil prices. Last year the "Seven Sisters"—Exxon, Royal Dutch/Shell, Mobil, British Petroleum, Texaco, Chevron and Gulf—were able to announce combined net earnings of \$23.3bn on a total turnover of almost \$450bn.

These results compare with combined earnings of \$31.9bn in 1979, itself regarded as a bumper year for the oil industry, and are all the more impressive considering that the two European members of the top producers group, Shell and BP, saw profits drop appreciably last year.

But as recent takeover bids have illustrated, it is not only the big seven that are on a shopping spree for diversified interests. The second tier of oil companies (Atlantic Richfield, Amoco, Conoco, Occidental and others) also have prodigious spending powers.

The minerals and metals companies, which have been the target of an extraordinary spate of bids in recent months, represent good targets for the oil majors. Their profits have been disappointing and in consequence they have been generally undervalued by the stock market. As a result they have become vulnerable to takeover attempts.

In a sense the saleroom atmosphere has been encouraged by President Reagan. His Administration has already indicated that it would adopt a softer approach to anti-trust restrictions on takeovers. The President's nominee for the Justice Department's anti-trust division is a Stanford University Law Professor, William Baxter, who has already said that he is opposed to legislation which would limit acquisitions by large oil companies.

No one doubts that the oil groups have the necessary cash. What is questionable is whether or not the multinational oil empires have the management expertise and the corporate structure which will enable diversified subsidiaries to flourish. At best the record so far is patchy.

Exxon, for instance, has just reported 1980 operating losses of \$44m on its minerals activities and \$34m on its uranium and nuclear interests. Its coal business managed to make only \$3m profit although this was better than in 1979 when losses were \$13m. Shell has reported hefty losses for its international coal business (\$25m), and its reduced nuclear interests (\$2m) as well as its more traditional chemical operations outside North America (\$72m). Occidental has reported that its coal profits last year declined to just \$11m from \$47.5m in 1979. British Petroleum saw its chemicals business deteriorate



	1980	1979
Total revenue	40,285	35,477
Net earnings	2,225	3,051
Earnings from operations—		
Oil and gas	2,709	2,779
Chemicals		
Excluding Shell Oil and Shell	(72)	217
Shell Canada	48	80
Coal	(25)	(33)
Nuclear	(2)	(3)
Metals	10	22
Other	(14)	3
Capital expenditure: 1980—£2.9bn of which £2.3bn for oil and gas activities, £590m for chemicals, £24m for coal and £54m for metals.		



	1980	1979
Total revenue	52,500	39,100
Net earnings	2,642	1,759
Earnings from operations—		
Oil and gas	2,643	1,642
Petrochemicals	77	97
Capital expenditure: 1981—\$3.5bn of which \$2.5bn for exploration and production.		

to a point where last year it made an operating loss of \$135m (excluding Sohio's U.S. interests).

All of these financial disappointments were suffered in the chemicals and energy sectors which, the oil groups argue, sit particularly comfortably in their resource-based organisations. The efforts of some companies to diversify on a broader plane have proved to be even more disastrous.

The most obvious example is Mobil's Montgomery Ward retail business which lost \$133m last year. Mobil has begun to close stores and, according to Wall Street speculation, could well sell off the retailing unit in the next four or five years if results do not improve.

Exxon provides another case in point. In 1979 it bought for \$1.2bn Reliance Electric Company, the largest U.S. maker of electric motors. Reliance lost \$36m in the fourth quarter of 1980. And this week came news that Exxon has run into problems developing an energy-saving electric motor control device. An alternative is being investigated. At the time of the takeover Exxon said it needed a company like Reliance—with its capacity and know-how—to develop the much trumpeted device. (The company has also run into major problems with its new Information Systems division.)

It would seem, then, that the managements of the oil majors have much to learn about running diversified conglomerates. As Mr. William Walker, a

BIG OIL'S BUYING SPREE

The scramble to diversify

By Ray Dafter in London and Paul Betts in New York



	1980	1979
Total revenue	25,347	22,705
Net earnings	1,435	1,621
Earnings from operations—		
Oil and gas	n/a	3,165
Chemicals	n/a	75
Coal	n/a	10
Other	n/a	10
Capital expenditure: 1980 (estimated)—about £2bn of which £1.35bn for conventional petroleum activities, £400m on minerals, £135m on chemicals, £50m on coal and £65m on other activities.		



	1980	1979
Total revenue	42,980	31,900
Net earnings	2,401	1,795
Earnings from operations—		
Oil and gas	2,143	1,576
Chemicals	34	39
Capital expenditure: 1981—\$4.2bn of which about \$1.7bn for domestic exploration and production.		

research fellow at Sussex University's Science Policy Research Unit, wrote in the latest issue of James Capel's World Energy Review:

"Diversification places stresses on existing corporate structures. Moving from the tight, highly integrated structures that are characteristic in oil production and trading to the looser structures required for the running of diversified empires will be a severe test of managerial skill and flexibility."

Mr. Walker added that diversification brought with it new people with new ideas, backgrounds and attitudes. These had to be integrated without destroying corporate identity. Although oil companies rarely tinker with the management of a newly acquired company as long as the new group is performing adequately, "They do

tend to move in a big way when things go wrong," Mr. Walker suggested. "And they don't really have the organisational ability to run other industries."

In the case of Mobil's acquisition of Montgomery Ward, it is doubtful whether the oil company knew very much about

failures in the retail business," he added.

On the other hand "growth is what managements and shareholders go for," as Mr. Robert Belgrave, a director of BP International and British Petroleum's group policy adviser pointed out. With the oil and gas sectors providing limited growth prospects, oil companies had to look around "for other things to do."

"What is more natural for us than natural resources?"

Oil companies, which in any case now like to be known as "energy" or "resource-based" undertakings, thus argue that diversification into mining and minerals operations is logical. They point to their experience in worldwide geological work, their history of dealing with sensitive political and environmental issues, and their ability to extract, transport, trade and in some cases, process bulk commodities.

The recent stampede by oil companies should not, therefore, be regarded as an impetuous act, despite appearances. They were taking advantage of the new market climate to chase minerals and mining interests that they had been eyeing for some time. The pace of the chase may reflect the oil groups' worries that they



	1980	1979
Total revenue	63,700	46,300
Net earnings	2,819	2,007
Earnings from operations—		
Oil and gas	2,945	2,021
Chemicals	118	113
Retailing (Montgomery Ward)	(133)	54
Special retail store closing provision	(36)	—
Paperboard packaging	65	35
Capital expenditure: 1981—\$5bn of which 80 per cent for energy, mainly exploration and production of oil and gas.		



	1980	1979
Total revenue	110,500	85,000
Net earnings	5,660	4,295
Earnings from operations—		
Oil and gas	5,501	4,429
International marine	34	—
Coal mining	3	(13)
Uranium/nuclear	(34)	(25)
Chemicals	404	456
Refined Electric Minerals	(44)	(28)
Capital expenditure: 1981—\$17bn of which \$9bn for conventional petroleum activities.		

may be pipped at the post, either by one of their competitors within the oil industry, or by one of the strong international conglomerates.

For instance, Mr. Harry Oppenheimer's Anglo-American De Beers Group has made no secret of its interest in North American mining investments and AMAX, a leading U.S. minerals and mining company, appears to have been on the "hit" list.

It may have been pure coincidence, but about a month ago it was learnt that Mr. Oppenheimer had transferred more than \$800m worth of assets to an investment company in Bermuda. This was taken as a sign on Wall Street that the South African Anglo-American group was planning an imminent move. The rush was on.

Within the space of a week or so Standard Oil of California (Socal), which trades under the Chevron banner, had made its record offer, valued at up to \$4.3bn for Amstar, a company it had been trying to buy for some time. Standard Oil of Ohio (Sohio) had announced a \$1.77bn merger agreement with Kennecott, the larger U.S. copper company, and St. Joe Minerals Company had announced it was rejecting a \$26m takeover bid from Seagram, the world's largest distiller and wine producer which last year sold extensive oil and gas properties in the U.S. for \$2.3bn.

But Gulf Oil is the latest of the big oil groups to emerge clutching a fistful of dollars. Last week it agreed to buy for \$325m the privately-owned Kemmerer Coal Company, one of the oldest and biggest coal producers in the western U.S. The cash deal will almost double Gulf's proven coal reserves to nearly 1m tonnes and boost its coal output by about 50 per cent.

Each of the Seven Sisters now has a stake in coal—even Texaco, the least diversified of the oil majors. Mr. James Dunlap, Texaco's vice president for alternative energy, told security analysts in November that U.S. coal reserves contained more energy than all the oil discovered in the Middle East. The coal was sufficient to meet America's energy needs for the next 200 to 300 years.

"The oil companies are huge bureaucracies. They are in a highly structured business. They rely on huge armies of long-range planners, lawyers and all sorts of outside specialists help. Their decision making is ponderously slow, making it hard for them to adapt to the way smaller companies are successfully run."

This, according to Mr. Charles Maxwell, a leading Wall Street oil industry analyst with the venerable firm of C. J. Lawrence, is one of the key reasons why oil groups have found it so difficult to diversify outside the oil and gas business.

"Coal gasification is, we believe, the premier method to generate a clean form of energy which uses our most plentiful resource," says Mr. Dunlap of Texaco. His comment shows the oil industry's interest in coal and helps to explain why, even before the latest spate of diversification attempts, oil-based companies were produc-

ing about a quarter of America's coal.

Conoco, through Consolidation Coal, is the nation's second largest coal producer. Gulf owns Pittsburgh and Midway Coal, a major producer, while Occidental with its Island Creek Coal Company is the third largest U.S. coal producer.

Increasingly, coal is seen as the fuel of the future. In the U.S., as in other countries with in the International Energy Agency—the use of coal is being encouraged. The Federal Fuel Use Act stipulates that utilities must convert from natural gas to coal by 1995.

The Reagan Administration has repeatedly pledged to open Federal lands for new mining and exploration ventures. To ease things along it also seems prepared to relax the current environmental obstacles that are inhibiting coal production.

On a wide basis, the recent International World Coal Study, prepared with considerable help from the big oil groups, estimated that total coal use in developed countries could grow to 2bn-3bn tonnes a year by the end of the century from the present level of around 800m tonnes and that international coal trade could rise from 200m to between 500m and 680m tonnes annually by the year 2000.

Coal, therefore, promises the growth prospects seen to be lacking in the oil and gas sectors. For much the same reasons oil companies have been turning their attention increasingly to non-fuel minerals where, as Mr. Walker of Sohio, the Kennecott deal last year, Sohio's parent, BP made a \$400m agreed bid for Selection Trust, the international mining house.

BP's Mr. Belgrave has a straightforward explanation why the oil companies have not been more successful with their diversified operations: "Bad luck is one reason. Trading conditions can unexpectedly turn against you. Then, in the early years of an enterprise, you would expect to have a negative cash flow; to invest more than you get back. After all, you would not get into a venture unless you thought you could improve it. As a rule companies would not be for sale unless they were in some sort of trouble, possibly through management problems or lack of capital."

Only time will tell whether the free-spending diversification of oil companies will have benefited the mining and minerals sectors. But governments, investors and the oil undertakings themselves must now question the economic advantages of having such a large proportion of the earth's natural resources controlled by such a limited number of companies.

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MEN AND MATTERS

Half-and-half

The Albert Hall was well-filled yesterday with captains and other ranks of British industry for the Institute of Directors' annual jamboree. The speeches were pleasant enough, the Duke of Kent raffish off a Mini Metro and managed to slip in a plug for membership of the A.A. whose president he is. Lunch was once more the traditional airline style tray-packaged extravaganza running from mackerel pate to chocolate mousse by way of chicken salad, with a quarter-bottle of 10d claret on the side.

The prevailing message was staunchly pro-Thatcherite, though our Brussels number two Ivor Richard put in a word against "anti-inflation policies with little regard for social consequences." I hope, however, that the economic bases on which the IoD founders its support are rather sounder than the arithmetic in its document "Free Enterprise—the Only Way," launched at yesterday's convention.

"At the time of the first Conservative Budget in 1979," says Free Enterprise, "the public sector borrowing requirement—the amount needed to bridge the gap between revenues and expenditure—was £5bn. By 1980, this had risen to £5.5bn."

Union Pacific

Braving many a quip about the prehistoric nature of their partnership, the Transport and General Workers' Union and Dinosaur Publications yesterday brought out a new child's guide to trade unions.

Some parents, as well as their children, might find the book. What is a Union? Of great value, suggests Miss Evans, TGWU general secretary.

As author Althea Bradshaw writes: "Some people think that unions spend all their time trying to get their members better pay and longer holidays or shorter hours." "In fact, they help in lots of other ways."

For instance, "They try to

make sure there are enough jobs for everyone to have work. This is a very difficult problem."

Unions do not usually like striking, says the book. "This means people in the union stop working. The factory has to close for a time and the members do not get any wages. The factory has nothing to sell and no-one is earning any money. Everyone gets fed up and angry."

Much better, it ends optimistically, when factories are well run, make enough money to pay all the bills, the owners get good profits and the workers good pay and conditions. "Then everyone hopes they can have enough money to live comfortably and enjoy life."

Firm words

The Department of Trade's latest literary offering, on Edwin Hearn's Kina Holdings, mixes few words. "Rampant dishonesty" observe inspectors, William Denny and Kenneth Webb. "Cheques were dishonoured almost as soon as the company recommenced trading. A common practice of Hearn at that time was to send a creditor a series of post-dated cheques each for, say, 20 per cent of the amount due. An equally common practice of the banks was to refuse payment of each one."

Such is the terse and ironical style favoured by Denny and Webb, which makes for a most workmanlike piece of storytelling, but lacking the verbatim conversations which I find most evocative of the spirit of the particular benighted company under investigation. There are a few amusing touches, including a Gilbertian accountant who describes his practice of carrying much in his head, rather than on paper, as "a principle I acquired from my old Principal," and Hearn's sidekick's rejoicing in the splendidly hapless name of Alldred.

One of Denny and Webb's paragraphs which I do, how-

ever, find irresistible, is the description of a lunch party to celebrate the company's second—fraudulent—triumph in winning a Queen's Award to Industry. "It seems that the party was a great success. Late in the afternoon one of the guests, (Rupert) Cottrell, was introduced to Hearn for the first time, as a new holder of 12,000 shares and yet, another stockbroker. The relationship seems to have developed quickly as, by 11.00 pm, Hearn offered him a seat on the Board."

Out-post

There will, after all, be one redundancy when the Post Office is split into two independent corporations this autumn. But it will not be of the 500,000 or so employees who are being distributed between posts and telecommunications.

Tony Carter, Secretary General of the Council of Post Office Unions (CPOU) has been given his notice by the eight trade unions which come under the council's umbrella. The council which negotiates with the Post Office on matters

of general conditions is to be disbanded.

Once separated, the two new corporations will each have one union which dwarfs its rival. The mail side will be dominated by Tom Jackson's Union of Communications Workers and telecommunications by Bryan Stanley's Post Office Engineering Union.

Carter, who is 56, views his impending unemployment with reasonable equanimity. The job market for vacant trade union general secretaryships is non-existent and so, after 25 years as a full-time trade union official he plans to move to the other side of industry. He is looking for a managerial post, but one which will allow him to deploy his understanding of employee participation.

He is undeterred by the lack of interest in participation by both employers and employees as they struggle to survive the recession. On the contrary, he says, once out of the recession the demands for participation will be redoubled.

Snacks barred

That elite bunch of insurance industry boffins, the actuaries have suffered a nasty blow. The facilities for tea and cakes which the learned professionals have traditionally enjoyed before their erudite monthly discussions at the Institute of Actuaries in Staple Inn Hall have been withdrawn until further notice.

The reason is ironical when the gentlemen concerned are so intimately concerned with matters like mortality and insurance risks. It seems that the gathering in the basement for refreshments has been found to be contrary to the fire regulations.

Double meaning

"I think landlords who charge £1 for a large Scotch ought to be put behind bars."

It's a fact

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ICI sparks off a European shake-out

IN RATHER the way Britain's chemical giant, ICI, had been hoping, its decision to close down the bulk of its loss-making polyester filament operations appears to have succeeded in unlocking a previously tight logjam in Europe's fibre industry.

Within months of the announcement, one of ICI's European rivals, the Dutch group, Akzo, has unveiled plans to shed a similar total of 4,000 jobs at fibre plants in the Netherlands, Germany and Northern Ireland and to withdraw from parts of the nylon and polyester markets.

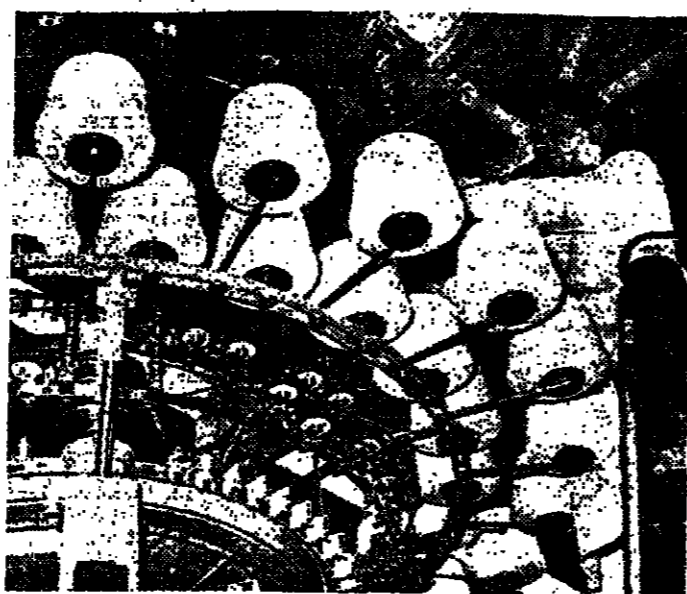
In France, Rhone-Poulenc, which like ICI and Akzo has made earlier attempts to bring fibre capacity into line with demand, is also cutting 4,000 jobs—roughly half the total in its textile division.

Most recently of all, Britain's big fibre group, Courtaulds, has announced its withdrawal from nylon filament, with the loss of 1,900 jobs. Courtaulds, like other European groups, has also scaled down its involvement in polyester filament.

For Europe's consumers they are decisions of some significance, though they might at first seem to be a simple matter of scaling down production in the face of a glut of goods.

The pattern that has begun to emerge under the pressure of chronic overcapacity (estimated recently by Akzo as likely to reach 600,000 tonnes by 1985 if no action is taken) is a narrowing by Europe's fibre groups of the range of fibres they make.

Even the biggest groups are



Double jersey knitting: a market whose promise failed.

Yet while it has been pushed—mainly by polyester—out of some product areas, such as shirts and sheets, nylon has become established as the synthetic fibre best suited for various other applications ranging from carpets, garment linings, anoraks, and car seat fabrics to aircraft tyres.

ICI has also concentrated the bulk of its £100m fibres research and development spending in recent years on nylon and has found ways of shortening the production route and hence of improving costs. As a result it now believes it has better nylon technology than most of its European rivals.

Thus, although there remain more than a dozen nylon producers in Europe, a leading band of around four has begun to emerge, each with its own strength in a particular nylon

EUROPEAN FIBRES						
LEADING PRODUCERS			APPLICATIONS			
NYLON FILAMENT	ICI, Akzo, Rhone-Poulenc, Sika, Du Pont, ICI, Bayer, Rhone-Poulenc, Akzo, Hoechst		Carpets, Clothing, Tyres			
NYLON STAPLE	ICI, Akzo, Rhone-Poulenc, Akzo, Hoechst		Carpets, Home Furnishings, Clothing, Tyres, Industrial			
POLYESTER FILAMENT	Akzo, Hoechst, ICI, Du Pont, Rhone-Poulenc, Courtaulds, Monsanto, Bayer		Clothing, Home Furnishings, Industrial			
POLYESTER STAPLE			Knitwear, Home Furnishings, Carpets			
ACRYLIC						

SYNTHETIC FIBRE MILL CONSUMPTION IN EUROPE

(Thousand Metric Tons)						
	1976	1977	1978	1979	1980	1981
Polyester	630	615	670	725	648	765
Nylon	675	615	650	675	595	625
Acrylic	615	560	620	630	510	775
Other*	120	140	160	185	130	230
TOTAL	2,040	1,930	2,100	2,215	1,883	2,580

* Mainly polypropylene

Source: Chimisystems International

rest of the century, massive over-capacity currently exists in nylon industrial yarn and in its pattern of closures generally.

The market for knitted and woven filament fabrics has failed to grow as fast as the fibre industry was predicting at the start of the 1970s when new plants were being built throughout Europe. And the European textile industry itself has shrunk in size as a customer for yarns as a result of a larger than expected growth in low-cost imports of finished goods.

Faced with the enormous cost of upgrading its UK polyester filament technology to match world standards ICI has chosen to withdraw into specialist areas. But it retains the ability to supply the European market through Fiber Industries Inc (FII) in the U.S., in which it holds a one third stake alongside Celanese. On the Continent,

continue as a major polyester supplier in Europe.

The rate at which this process of concentration continues—leading eventually to the creation of a substantially stronger European fibre industry better able to compete against its U.S. rivals—is difficult to gauge. Some of the producers point out that no guarantee exists that the virtuous will be rewarded for the pains of contraction.

However, Mr. Mogens Andersen, Monsanto's European textiles director argued in Leicester recently that one important threat to this orderly rationalisation existed. It comes from political pressures in various European countries and in particular, concern about job losses. "The shake-out has been, and is still being, delayed because of subsidies from some governments to their national industries," he said.

A similar complaint has been voiced by Akzo. The main target in both cases is the fibre industry in Italy. The Rome Government has given support to cover very heavy losses by Montefibre and other State-owned groups, enabling them to continue to sell at loss-making prices, and disrupt the European market as a whole. In Belgium, too, the Fabefta fibre group has been kept going with Government funds despite heavy losses, and substantial new fibre capacity has been added in Spain.

Monsanto's particular concern is the acrylic market, the only fibre it makes in Europe following its withdrawal from nylon production in 1979. In Northern Europe a leading group of three main producers—Courtaulds, in Britain and France, Bayer in West Germany, and Monsanto with plants in Britain and Germany—have emerged, each

with its own particular technology and market strength. Alongside these three, however, Montefibre also ranks as a major volume producer, with a further nine companies also making acrylic in Europe, each with a share of the market ranging between 1.5 per cent and 7 per cent. According to Monsanto the weaker producers are in some cases losing 40-50p per kilo on sales of acrylic in a very depressed market, with even the most efficient losing up to 10-15p because of current over-capacity and the consequent effect on prices.

"With the acrylic market likely to grow by only 1.3 per cent per annum up to 1985 over-capacity will not be eliminated by higher demand," Mr. Andersen warns. If political interference prevents the workings of the market from removing the weakest producers it will be the most efficient and technically most advanced European producers who decide to opt out, he argues.

The point they are certain to make is that the big chemical groups are themselves no longer in a position to sustain continued fibre losses—estimated at more than £500m last year—and that the latest rationalisation moves are a last attempt to stay and make profits in fibres.

Letters to the Editor

The institutions' role

From Mr. M. Bedford

Sir—Lex's comment on ICL (March 20) will help to perpetuate a widespread and damaging misconception as to the potential for the City's investing institutions to assist companies in difficulty. Lex discusses the City's response to ICL's problems in the pejorative tone typical for debate on the subject. He concludes by saying "Unless ICL's shareholders can be organised into an effective body, there is a risk that they will lose whatever equity they still have in the company."

The assumption latent in such remarks is that there is some positive action which the institutions could and should be taking. Yet it is obvious to anyone familiar with the workings of, say, a pension fund that this is not possible. As it is the pension fund managers have to monitor all suitable worldwide investments for their fund, a job which requires wide ranging but general knowledge. To suppose that in addition they have either the expertise or time to provide a direct management input into troubled companies such as ICL is clearly ridiculous. It indicates a lack of understanding of the role of the capital markets in the economy.

One of the functions of the equity market is to evaluate the growth prospects for companies and in this way to ration the capital available for investment so as to make it most attractive to the most successful. The necessary result of this is to penalise those companies whose prospects are poor. The sanction

and patient farming the range of crops which can be grown is severely restricted and the yields are reduced by 30 per cent to 50 per cent. No-one can say how long the land will take to recover, there is some doubt that it ever will. The visual character of the countryside is lost for all time.

The CPRE has held that such environmental damage can only be justified by an over-riding national need for coal. No such need is proved.

Roland Wade.

4, Hobart Place, SW1.

Selling arms abroad

From the Co-ordinator Campaign Against Arms Trade

Sir—You recently featured two articles, one (March 18) bemoaning the low level of British warship exports, the other (March 19) lauding the French policy of promoting high-technology export industries through state support for private firms, in which military aerospace plays a major role.

Should we conclude, as the Government has done, that Britain should emulate France in its approach to arms exports? That would be to ignore the crucial differences between military goods and products which actually contribute to human well-being.

Britain has long had a policy of "responsible restraint" on arms exports, which forbids supplies to states at war, or where there is doubt about the recipient's intention to use the arms for external defence. These controls are wholly inadequate, but they have curtailed certain potential exports and given some credibility to Britain's policy of promoting world-wide arms limitation. France, by comparison, has heightened international tensions, for example through triggering a race by South American states to acquire supersonic aircraft in the 1960s, and by supplying Mirage F-1 interceptors to Iraq during its current war with Iran, while other major arms suppliers hold back. Do we really want to return to the pre-war "death-merchant" policy of selling arms to anyone, purely for profit?

Arms sales are a dubious economic proposition in many cases. Apart from their risks, arms trading is so highly competitive that political factors can, and do, lead to unprofitable deals. Only 10 per cent of sales of land-based systems by the Defence Sales Organisation in 1975-76 were profitable (Commons Public Accounts Committee, quoted in the Financial Times, June 16, 1977), and while individual companies undoubtedly make profits, notably in components and electronics, for years now few of Britain's major weapons systems have actually sold (as opposed to being "favourably considered") in anything like the quantity to count as commercial successes.

By putting Government support into fewer, but increasingly costly, projects (Tornado, for example) resources are diverted away from the real growth areas of the future. While half of all Government R and D funds

Peripatetic Europeans

From Mr. C. Jackson MEP

Sir—As Walter Ellis believes MEPs are exhibiting "classic symptoms of paranoia" perhaps I should dismiss his entertainingly written item of March 19 as a delusion. If it is not, may I comment?

He asserts that the European Parliament has "an annual allowance of £5m for travel outside the Community." In fact Parliament has no such "allowance" as it decides its own budget each year. The 1981 budget shows the appropriation to be only £730,000 for inter-Parliamentary delegations and Lomé Convention meetings.

I agree that the European Parliament costs more than it should but it is bound to take time for this newly elected institution to get itself into shape. By way of comparison, the House of Commons costs about £1 per head per annum of relevant population, while the European Parliament costs about 40p per head.

European Parliament costs are intrinsically high because much European travel is involved and because, so far, we have to work in seven languages. Our costs are unnecessarily high because Parliament concentrates between Brussels, Luxembourg and Strasbourg due to the inability of the member states to agree on a single seat for the institutions. I am told that nearly 30 per cent of total costs are attributable to this. Another factor is—despite dedicated staff—administrative inefficiency, partly due to "staff rules" of which any left wing negotiator would be proud, and which, having been agreed by the Council of Ministers, have quasi treaty status.

Although others may create noise, it is for us to act—so what are we doing? To take the biggest problem, it seems increasingly likely that Parliament will later this year opt to centralise most of its activities in Brussels with substantial savings in cost. Delegation costs are under scrutiny. The administrative set up has just been revised and will come under continued pressure for example, I am one of several Conservative signatories of a resolution proposing a top to toe reappraisal of our expenditure.

It would, of course, be much cheaper if we had a dictatorship. Inefficient and hard work though it is, I prefer democracy.

Christopher Jackson (MEP for Kent East), Oak Hill Road, Sevenoaks, Kent.

Today's Events

GENERAL
UK: Mr. James Prior, Employment Secretary, speaks at Fulham businessmen's dinner, House of Commons.
Mr. Kenneth Baker, Industry Minister, speaks at Bradford Trades Union Congress general council meets, London.
Financial Times symposium on South Australia—resources development, Grosvenor House, W1.
Mr. Ian MacGregor, British Steel Corporation chairman, and Mr. Bill Sims, Iron and Steel Trades Confederation general secretary, are among speakers at Institute of Purchasing and Supply conference on steel—what is the future? London.
Sotheby's auction 7,000 cases of wine from the Dorchester Hotel.
Underwater Engineering symposium opens, Aberdeen.
British Textile Association conference opens, Hotel Majestic, Harrogate (to March 28).
Overseas: Mr. John Biffen, Trade Secretary, speaks at British Portuguese Chamber of Commerce lunch, Oporto.
Financial Times two-day conference opens on Investment in Canada's resource development, Manoir Offices, Old Road, Chesterfield, 12. Robert Taylor Kitchen, Connaught Rooms, Great Queen Street, WC, 12. London and Lomond Investment Trust, 2 St. Mary Axe, EC, 12. Moorshire Trust, 44 Bloomsbury Square, WC, 10.30. Newbold and Burton, Premier Offices, Brook Street, Selby, Leicester, 11. Radley Fashion, The Mostyn Hotel, Portman Street, W. 1. Scottish American Investments, 45 Charlotte Square, Edinburgh, 12. Tending Hundred Waterworks, 116 Pall Mall, SW, 12. Throgmorton Trust, 25 Milk Street, EC, 12.30. York Waterworks, Lendal Tower, York, 12.

Has your company grasped the huge sales opportunities in Western Europe?

There's no doubt that to export to Western Europe, you have to take the task seriously.

You need to analyse the markets, assess their potential, establish channels of sales and distribution.

But when you think about it, aren't these exactly the same disciplines you would follow when approaching the home market?

There are, however, some very positive differences.

Take size for example.

The rest of Western Europe has five times the population of the U.K. and more than six times the buying power.

They're no strangers to our products either.

Already almost 60% of our exports find their way to Western Europe, which must prove that problems can be overcome and that our products can and do compete very well when given a chance.

If you would like to find out more about the opportunities for export to these affluent, accessible and mostly tariff free markets there's a wealth of information available to you.

The sources can be obtained through your regional British Overseas Trade Board office, or if you prefer, you can write to the B.O.T.B. at the address below.

There's a lot of money being made in Europe.

The question is, is your company getting its share?



Exports to Europe. They're worth looking into.

Exports to Europe Branch, British Overseas Trade Board, 1 Victoria Street, London SW1H 0ET.

Using funds

From Mr. M. Dunn

Sir—The news of the Government's guarantee to ICL, following on so soon after the Budget proposal to levy a windfall profit tax on the banks, underlines the absurdity of the proposal.

One week we hear that excess profits in the banking sector are fair game, and the next we see the Government guaranteeing bank lending, presumably because the loans are unjustifiable on normal private sector terms.

The facts of the ICL case are horrific enough by themselves, but when one considers the conflicting philosophies implicit in the Government's method of using banking sector funds to rescue that ill-fated business, one is driven to the conclusion

that chaos cannot be far away. In these circumstances, I urge readers to grasp sanity with both hands. Calm and logical voices must be used to restrain the Government and its agents from hasty and ill-considered intervention into the workings of the free market.

The banks will be needed, more than ever before, to provide gearing to the private sector, when we begin to climb out of recession. If their reserves are confiscated on the one hand, and directed into lame ducks with the other, where are they to look for the need?

Mark Dunn, Crescent House, 152 Walton Street, SW3.

Environmental damage

From the Chairman, Council for the Protection of Rural England

Sir—I read with deep concern the National Coal Board's plans to increase coal exports to 15m tonnes (March 10). I fear this bodes ill for the British countryside as the figure of 15m tonnes is in fact the Board's declared target for opencast production. Recent articles and correspondence in your paper indicate that there is no overall commercial or economic case for the current level of opencast mining in the UK market. It would seem, therefore, that exporting is to be the new excuse for the environmental damage caused by this method of mining, even

though the NCB makes no money on its exports.

The impact of opencast on the countryside is not widely appreciated. The NCB is currently working about 50,000 acres and as the average coal-mining period of a site is 4 years the annual land take will be at least 10,000 acres, most of which will be unsuitable country side. At this rate an area larger than Bedfordshire will have been worked by the year 2000.

The mining process involves the destruction of the stratification and the established drainage pattern of the land to a depth as great as 200 ft. Much of the top soil and sub-soil is lost and that which remains is lost and largely sterile and anaerobic. The quality of all but the poorest farmland is degraded and even with careful

LASMO set to make first payout as profit doubles

ON THE back of a near 47 per cent increase in output from the Ninian oilfield in the North Sea, London and Scottish Marine Oil Company more than doubled its 1980 taxable profit from £23.44m to £47.28m.

The company plans to pay its first interim dividend in the current year, and is to lift payment on oil production stock for the six months to the end of December, 1980, from 32.4p to 38.32p per 10p unit.

Current cost profit advanced from £22.3m to £43.6m. Daily oil output from Ninian, in which the company has a 7.8 per cent interest, climbed from 157,400 to 231,200 barrels for the year, and LASMO boosted its total sales by £45m to £108m.

In January this year the company raised its stake in the oilfield, under a reformation agreement, by 20 per cent to 9.3 per cent. This increased share applies retrospectively to the start of production in the field. As a result LASMO is to receive an extra 2.1m barrels of crude. Meanwhile, in February it paid £26m to the other participants for its backdated share of expenditure and operating costs. Mainly to cover this a £26m short-term loan has been arranged which is to be repaid before the middle of next year. Further, re-determinations are due in 1982 and finally in 1984.

Ninian's current production is running at 310,000 barrels a day and is expected to average 325,000 bpd over the current year.

In addition LASMO has been designated operator in one block in the seventh round of UK offshore licensing and has obtained an interest in another 11 blocks bringing its interest on the UK continental shelf to 40 blocks. Added to this is a share in two onshore licences.

In 1981 the company expects to participate in the drilling of about one-tenth of all exploration

HIGHLIGHTS

The Lex column looks at the latest results from LASMO, where profits are doubled to £47.3m for the year and news of successful drilling on the T Block helped the shares rise further. Smith & Nephew continued its steady upward progression with the full-year profits showing a 10 per cent increase to £24.3m pre-tax. Lex briefly considers the relaxation of a short-term ban by the Bundesbank on German banks' lending to foreigners and then moves on to examine the latest events in the THF-Savoy Hotel bid battle. On the inside pages there is news that, despite the agreed bid for Renwick by South African businessman Mr. Beck through Kangra, a Swiss bank is actively buying Renwick shares in the market to build up a minority stake. There is also new developments at Henry Ansbacher Holdings which is backing its first joint venture in the energy sector.

and appraisal wells projected for the UK shelf. As operator it also expects to be drilling on the Netherlands offshore block F8 and onshore in the Conusland area in Scotland.

	1980	1979
Sales	108,412	63,295
Interest	17,323	17,778
Production payments	17,323	17,778
Pre-tax profit	47,280	23,440
Tax	25,301	14,115
Net profit	21,979	9,325
Exchange loss	303	282
GB dividends	21,676	9,043
Forward credit	4,071	117,509
Profit	21,676	9,043

All bank loans obtained by the company prior to Ninian production have been repaid apart from £10m which has been renegotiated on more favourable terms. Total interest payments for 1980 were little changed at £17.63m (£17.78m).

Stated earnings per share jumped to 30p (12.7p) after a tax charge of £25.5m (£14.12m). The retained balance carried ahead from £8.89m to £21.63m allowing a credit of £4.07m, compared with a deficit to £17.61m, to be carried forward.

£3.7m downturn at United News

A SEVERE fall in employment advertising and a costly stoppage in the first half resulted in 1980 pre-tax profits of United Newspapers declining sharply from £3.19m to £4.54m.

At halfway the directors reported a downturn from £4.28m to £4.54m and warned that the outlook for the year was unpromising.

They now say that current year revenue from advertising and, particularly, newspaper sales is ahead of that for the same period last year. However, profit margins remain depressed.

Earnings for 1980 are shown at 20.8p (30.9p) per 25p share. Before tax credit for stock relief they were 15.7p. Nevertheless, the dividend is effectively held at 12p with a final payment of 7.5p net.

Turnover increased from £69.82m to £75.55m. Profits included investment income and interest receivable of £1.3m (£0.7m) and were before tax of £1.53m (£3.57m).

There were extraordinary credits of £880,000 (£288,000) for an attributable balance of £3.88m (£4.61m). Dividends absorbed £1.83m (£1.73m) and £2.09m (£2.38m) was retained. On a CCA basis pre-tax profits totalled £2.38m.

At the year end, cash resources amounted to £5.94m (£6.68m). The company has maintained its investment pro-

Drop in sales increases Stothert & Pitt losses

LOWER-than-expected demand increased the pre-tax losses of Bristol-based engineers Stothert & Pitt to £1.05m on sales of £10.55m for the 26 weeks ended December 27, 1980. This compared with a loss of £965,000 on turnover of £12.41m for the 26 weeks to January 12, 1980.

The group is again omitting an interim dividend.

The directors say the loss was £250,000 more than anticipated because of the collapse of the home market for contractors' plant.

But they say there has been a steady improvement in the crane and deck machinery division which now has orders for the next 18 months. Total group orders of £24m are higher than for the previous two years.

In spite of the current difficulties of the UK engineering industry, the directors expect the group to return to a modest level of profitability by the end of the next financial year.

In his annual review, Sir Ralph Bateman, chairman, says this year should show a considerable improvement over 1979-80. The company is now in a better position to overcome short-term difficulties and to prosper when trading conditions improve.

The group taxable loss was after depreciation and interest totalling £219,000 (£327,000). Tax was £1,000 (same).

Sedgwick in new area

THE short-term prospects for the insurance industry are not encouraging, says Mr. Neil Mills, chairman of Sedgwick Group, in his annual review. He says: "We are working actively to mitigate the effects on our business, but in current circumstances it would be unwise to make any forecast of results for 1981."

The company, he adds, has been vigorously developing new areas of activity and has successfully acquired significant new business in those areas in which it already operates.

Referring to the announcement in December that agreement in principle had been reached to merge Sedgwick and Alexander and Alexander Services Inc., Mr. Mills says work on the implementation of the merger is proceeding, but it would be premature to make any further announcement about the discussions at present.

He reports the formation, together with Alexander and Alexander, in advance of any overall co-ordination of interests, of a re-insurance broking company in the U.S.—Thomas A. Greenleaf and Sons—New York and San Francisco, in which Sedgwick has a 20 per cent interest.

He also reports the formation of new companies in Portugal and Denmark, and the opening of offices in the Ivory Coast and South Korea. The group now operates from more than 120 offices in 47 countries worldwide.

It has been decided not to appeal against the decision. Highgate's costs are expected to be similar to those paid to Mr. Straus.

Permission has been granted by the Inland Revenue to demerge Highgate from its 75 per cent parent company, Bayline.

Current year prospects of Highgate Optical & Industrial Company are encouraging, the directors report. Sales so far in 1981 are up in all three divisions. In aggregate this amounts to some 30 per cent.

Referring to last December's High Court judgment in favour of the company's former managing director, Mr. Francis Strauss, the directors say that following negotiations the company has settled for £53,000 together with his legal costs of £20,000. The settlement covers all claims including loss of office.

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Smith & Nephew £2m up and sees first-quarter rise

TAXABLE PROFITS of Smith & Nephew Associated Companies advanced from £22.15m to £24.3m in the 53 weeks to January 3, 1981, and the directors expect the first quarter of the current year to show an improvement over the £5.13m surplus reported for the corresponding period.

The dividend is being stepped up from 3.85p to 3.9p net with a final of 2.8p and a one-for-eight scrip issue is planned.

The profit includes a full year's results attributable to the 50 per cent holding in British Tissues, although this was increased from 25 per cent only at mid year. The British Tissues holding contributed £2.4m to associate profits of £4.38m (£2.2m) included in the 1980 group surplus.

The surplus was also struck after depreciation of £5.25m (£4.73m) and net interest costs up from £4.24m to £5.03m, which directors say reflects the high level of interest rates throughout the year.

On a current cost basis, the pre-tax profit is reduced to £15.7m after additional depreciation of £3.38m, cost of sales £3.95m and monetary working capital adjustments of £1.31m.

Earnings per 10p share, after tax of £3.84m (£3.96m) and £4.5m pre-tax, but it is unlikely to meet near its 1979 results. The shares are now trading on a fully taxed earnings multiple of 13, which is not a bargain, but the yield is nearly 9 per cent.

The major part of extraordinary debits of £3.93m (£4.54m) comprises the closure costs of the group's clothing and cosmetics businesses and an estimate of costs still to be incurred in 1981. Also included is a release of £1.5m from general

investment provisions. £2.96m (£3.05m), leaving a retained surplus of £5.54m (£5.75m).

Sales of the group, which manufactures surgical, medical and sanitary products, textiles, toiletries and plastics, rose from £204.5m to £215.52m, excluding activities in the process of being discontinued.

A breakdown of sales and operating profits by activity shows medical and healthcare with sales of £102.9m (£95.7m) and profits of £13.6m (£11.2m).

Personal hygiene £56m (£51.8m) and £5.5m (£4m), toiletries and cosmetics £12m (£9.6m) and £1.5m (£1.3m), medical and other textiles £26.5m (£28.5m) and £2.6m (£2.2m), and plastics and tapes £44.2m (£42.5m) and £2.7m (£2.5m).

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Brent Chemicals	2.25p	July 31	1.00p	3.25p	2.41p
Bridport-Gundry	1.5p	April 15	1.00p	2.50p	2.76p
Brit. Car Accn. Int.	80p	July 1	7.13p	7.93p	6.2p
Central Assets	80p	July 1	7.13p	7.93p	6.2p
Equity & Law	80p	July 1	7.13p	7.93p	6.2p
Johnson Op. Cleaners	80p	July 1	7.13p	7.93p	6.2p
Jovet Inv. Trst.	80p	July 1	7.13p	7.93p	6.2p
Keep Inv.	80p	July 1	7.13p	7.93p	6.2p
Ricardo	80p	July 1	7.13p	7.93p	6.2p
Smith & Nephew	3.9p	April 15	2.8p	6.7p	3.95p
Tomatin Distillers	0.1	April 24	2.75p	2.85p	1.15p
Watmoughs (Holdings)	3.75p	April 30	3.12p	6.87p	5.12p
United Newspapers	7.5p	June 10	7.5p	15.0p	12.12p

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of not less than 1.7p forecast. § Gross on capital shares.

Investment provisions: £2.96m (£3.05m), leaving a retained surplus of £5.54m (£5.75m).

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A breakdown of sales and operating profits by activity shows medical and healthcare with sales of £102.9m (£95.7m) and profits of £13.6m (£11.2m).

Personal hygiene £56m (£51.8m) and £5.5m (£4m), toiletries and cosmetics £12m (£9.6m) and £1.5m (£1.3m), medical and other textiles £26.5m (£28.5m) and £2.6m (£2.2m), and plastics and tapes £44.2m (£42.5m) and £2.7m (£2.5m).

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Ansbacher in joint oil venture

BY RAY MAUGHAN

Henry Ansbacher Holdings, the merchant banking group of which Grand Metropolitan and one of the largest private companies in the world, Lissauer Group, are the major shareholders, is making its first joint venture in the energy sector.

The bank is taking a 60 per cent stake in a new joint venture, Ansbacher Energy Associates, which will be run by two former executives of the Department of Energy's Offshore Supplies Office, Mr. Norman Smith and Mr. Leonard Rae.

Earnings rise and higher payout by Equity and Law

TOTAL distributable surplus on the long-term insurance funds of Equity and Law Life Assurance Society improved by one-fifth in 1980 from £21.2m to £25.5m, of which the shareholders' share was £22.2m against £19m in 1979. The portion of profit transferred to shareholders remains at 8.8 per cent—one-tenth of the total surplus, less an adjustment for tax relief on general annuity and pensions business.

Net investment income on shareholders' funds improved last year by nearly one-quarter from £218,000 to £268,000 and after allowing for a change in market value of assets, the shareholders' profit rose by 28 per cent from nearly £2m to £2.53m. Earnings per share improved from 10.4p to 12.4p. The Society has declared a final dividend of 9p net which with the interim of 4p makes a total dividend for 1980 of 13p net, an increase of 15 per cent. The

comment

For the second year in succes-

company points out that in making this declaration, it had regard to the underdistribution in earlier years because of dividend restraint.

Annual premium income last year rose by 11 per cent from £90m to £101m, though single premiums declined one-third from £33m to £22m. Investment income advanced nearly 12 per cent from £73m to £81m. Claims, expenses and taxation payments were 30 per cent higher at £108m compared with £83m. Long-term business funds rose by over £200m last year passing the £1bn mark to £1.05bn at the end of 1980.

As already reported, new annual premiums last year on worldwide business were one-third higher at £22.1m, compared with a rise of half that figure for the UK life companies as a whole.

Equity and Law has kept faith with its shareholders by over-distributing on its dividend to make up for the lean years of dividend restraint. Although earnings rose by 19 per cent, E and L still had to dip into past accumulations to pay a 13 per cent higher dividend.

The society is recovering its share of the life and pensions market; last year's new business increase was double the market rise. But falling investment yields meant valuing the liabilities on a more stringent basis, and the actuary has had to provide for a higher rate of bonus in future. This resulted in an increase of £55m in the value of liabilities, plus a £25m increase in investment reserves, thus eroding the benefit of the £200m rise in the value of life funds. The share price remained unchanged at 385p yielding 5.2 per cent gross, thus fully discounting future improvements in dividend.

Meggitt sees poor half-year

DISMAL FIGURES for the half year to April 30 were expected from Meggitt Holdings, Mr. J. D. Tyler, the chairman, told the annual meeting. For the whole of 1979/80, as known, this machine tool distributor slumped from a pre-tax profit of £0.4m to £58,000.

The directors believed that the very low level of activity in the industries in which the company was involved would persist for much of 1981, he said. Action has been taken throughout the group to cut operating costs and conserve cash.

However, Mr. Tyler added that he was sure the company would be in good shape to participate fully and return to profitable levels when its sector of the engineering industry recovered.

Revenue goes up at Jove Inv. Trust

Jove Investment Trust reports increased revenue of £732,000 for the year to February 28, 1981, against £687,585, after tax of £314,000, compared with £324,456.

A higher second interim dividend of 2.5p net (2.25p) per income share brings the total up to 4.3p (4p).

Minorities rose from £32,902 to £34,000 and stated earnings per 10p income share were higher at 4.51p (4.27p). Net asset value per income share increased from 51.04p to 51.25p but on the capital shares there was a reduction from 4.33p to 1.43p.

Pyke pushes up profit

Increased pre-tax profits of £42,198 were achieved by butchers Pyke (Holdings) in the half-year to December 31, 1980. The figure last time was £10,274. But turnover was down from £4.15m to £3.55m. Again, no interim dividend is being paid on the 10p shares. However, earnings per share jumped from 0.64p to 2.23p. Interest cost £51,428 (£51,367) and depreciation amounted to £36,818 (£39,710).

Currys better than expected

THE FIRST two months' trading in the current year at Currys, electrical appliance retailer, was a little better than had been originally forecast, Mr. Terry Curry, joint managing director, states.

Trading, however, remains below the level directors would like, and he says it is difficult to foresee any significant improvement until the latter part of the year.

"Currently volume was boosted by the traditional January sale but, more encouragingly, we continued to improve margins in a period when they were expected to be under severe pressure."

Mr. Curry says the company also has significant growth opportunities not only in products such as video recorders but also in the new commercial developments which the group has undertaken—these include entry into the television rental market, expansion of Bridgers, the discount warehouse chain, and the venture into the micro-computers field.

Olives Paper Mill defers capital expenditure plan

IN 1980 the Lancashire-based Olives Paper Mill Company completed its extensive modernisation and development programme, says Mr. Aubrey T. Heyer, chairman.

A new boiler house equipped with three new dual fire package boilers was commissioned in October, 1980, and new buildings and plant for the processing of recycled fibre were brought into operation in July. However, says Mr. Heyer, the company will not be able to gain the full benefit from these investments until market conditions permit.

"Unfortunately, it has been necessary for us to defer plans for further capital expenditure until there is clear evidence of a return to satisfactory trading," he says.

"We are still seeking suitable opportunities in the field of paper conversion or storage and diamond grinding (concrete) UK, Chester Town, D.C. and C.S. (Builders and Contractors), Nolan Interface, J.G. Lovett, Tavistock Enamellers, Summerlight, Draper Travel Services, Clarewell Investments, Drestcom, Cancellio, Maranville, Raeman Jewels, J.M. Financial Services, Gershwin Fish, Holmer Car Services, Williams Brothers (Manchester), Bray Garage, Allotment Estates, R.J.B. Haring, Tracey's Transport (Welwyn), Willoughby Staff Agency,

Hackney Road Cash & Carry, P.B.A. Copiers (Holdings), Alfred Webb & Sons (Transport), Christmas Holdings, Commerbank, Lamberly, Essex Machinery & Salvage Co., Dranglow, Newmarket Mouldings, Al-Arab Guide Services.

Manchester Facilities Management, Chequerboard Video, Lettergate, W.M. Greetings Cards, Central Chinese Restaurant, United Middle East Executives, Uebenthal Securities, Uebenthal Fine Wines, Efficient Gas Service, W. Lobley & Sons, Morecambe and Lancaster TV Services, David L. Shaw Organisation, Brinsford, Marine Fabrications, Langford Communications, Special Motors (Sales and Repairs), Boston Transfreight International Refrigerated Transporters, Boston Transfreight International Transporters.

Jebsens: 300p price expected

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE PRIVATE placement of a 40 per cent stake in Jebsens Drilling is expected to be completed next week. Although the initial placing price has not yet been fixed, it is expected to be around 300p—capitalising the company at £48m.

The company, which is largely owned by Kristian Jebsens Rederi, a Norwegian shipping group, owns two semi-submersible drilling rigs and one drill ship. Following the placing of up to 40 per cent of its shares among some 50 to 100 institutions, it will be the only UK public company exclusively involved in offshore drilling.

In the year to end-December, 1980, the company made a pre-tax profit of £4.3m, but is projecting a £6.6m pre-tax profit in 1981 and a £12m profit in 1982 on scheduled revenues of £28.1m. The projections are based on a sterling/dollar exchange rate of £1 per \$2.3878.

"The group plans to pay a 10p net dividend per share in 1981 and 17.5p in 1982. At the assumed placing price, the shares yield 6.4 per cent on the 1981 dividend. On the basis of

1981 earnings per share of 28.5p, the price earnings ratio at 300p is 10.4.

Its two drilling rigs, Sinbad Saxon and Aladdin, have been valued at \$64m and \$80m respectively and the drill ship at \$65m. Net tangible assets of the group, after adjusting for the revaluation of the rigs, are approximately £55.8m or 348p per share. Group indebtedness amounts to £49.3m.

As a result of the group's strong cash flow, cash resources are projected to increase by \$9m in 1981 and 1982 after repaying £17m of borrowings and paying dividends. The group plans to order further drilling units.

The prospectus, which has been sent to institutions, warns that a significant increase in the number of new rigs on the market could depress future hire rates. In addition, it warns that failure of equipment could lead to cancellation of drilling contracts.

It is hoped that permission will be granted for a listing of the shares on the Unlisted Securities Market in 1982 and a full quote on the Stock

Exchange within three to four years.

Assuming a price of 300p per share, the placing of 7.34m shares will raise £2.235m. About £3.4m will go to the shareholders and Jebsens Drilling will receive £14.1m. Out of this, £9.1m will be used to finance the acquisition of Pacorose Drilling, which controls the drill ship, with the balance retained in the company.

Following the placing of the maximum number of shares, Kristian Jebsens Rederi will have an attributable interest of 34.8 per cent and Inge Steensland, an Oslo shipbroker, will own 11.2 per cent. Santa Fe, an offshore drilling contractor, has a one-third interest in the drill ship.

Jebsens drilling rigs have been fixed for several years ahead. The Aladdin starts work for the BP in August on a five-year contract at \$78,000 per day and the Sinbad Saxon is contracted to Occidental at \$70,000 per day until June, 1983. The drill ship has been chartered at around \$80,000 per day until November, 1982, by Petro-Canada Exploration.

Bridport-Gundry forced into red

REDUCED sales volume because of the deep recession forced Bridport-Gundry Holdings, the netting and cordage manufacturer, into the red for the six months to the end of January, 1981.

"The group is omitting an interim dividend in the light of the poor performance and un-

certainty about the immediate future. The previous interim was 0.99p.

Turnover fell from £7.14m to £6.24m and the group plunged to a pre-tax loss of £336,000 for the half year compared with a profit of £209,000 in the corresponding period.

In his report, the chairman

says the severe recession is the main cause behind the group losses. The strength of sterling also made the trading impossible in some overseas markets.

Group margins have been lowered in some areas, but, in the group as a whole, these have been more than offset by overhead savings.

Signs of a recovery in demand are not yet evident, says the chairman, but the group is concentrating its resources on those areas in which quality, service and competitiveness give a chance of future growth and profit when trading conditions improve.

This policy has involved the reduction or elimination of capacity in sectors where there seems no prospect of recovery to past levels.

The company has carried through the planned reorganisation of its factories at Mondus, Peterhead, Taunton and Bridport.

London Shop progresses

A RISE from £251,750 to £449,800 in pre-tax profits is reported by London Shop Property Trust for the half-year to October 31, 1980. Property revenue showed a modest increase from £712,000 to £722,500.

Mr. J. Hugh Johns, the chairman, says the increase in pre-tax profits is largely due to the reduction in net interest payable, £449,800 against £698,000.

A fall in the housebuilding contribution, from £162,500 to £125,000, is evidence of the depressed state of the field, although this division is maintaining a reasonable rate of sales. Net interest payable, however, has virtually eliminated the gross income at the half year.

Despite the state of the housing market and the absence of property trading profits—there was a loss of £4,600 (compared with profits of £9,250)—as foreshadowed in the annual report, he says the much lower gearing should ensure that the results for the half year will be satisfactory.

Estimated tax for the six months is £147,500 (£42,500) and after minorities of £1,000 (£8,250), net profits come out at £301,300 (£201,000). Stated earnings per 25p share are 2.38p (1.58p).

As known, an interim dividend of 1p net (0.95p) will be paid on April 30. Last year's total was 3.1p from pre-tax profits of £1.14m.

Share Registration

Hill Samuel Registrars Limited has been appointed London Registrars of the following Gencor Group companies, all of which are incorporated in the Republic of South Africa:

- Buffelsfontein Gold Mining Company Limited
- The Clydesdale (Transvaal) Collieries Limited
- The Grigalland Exploration and Finance Company Limited
- Sentrust Limited
- Stilfontein Gold Mining Company Limited
- Trans-Natal Coal Corporation Limited
- West Rand Consolidated Mines Limited

All correspondence regarding registration or transfer of shares in these companies should in future be addressed to:

Hill Samuel Registrars Limited

6 Greencoat Place, London SW1P 1PL. Telephone 01-528 4321. A member of the Hill Samuel Group

59 companies wound up

Compulsory winding up orders against 59 companies were made by Mr. Justice Nourse in the High Court, London, last week. The companies were: L.A. Electronics, French Gardens, Alfrank (Entertainments), Transtype (Word Processing), Hestonfield, Black and White Haulage, Pips (Leisure Promotions), Armour Refrigeration, Bowser Investments Company, Diamond Grinding (Concrete) UK, Chester Town, D.C. and C.S. (Builders and Contractors), Nolan Interface, J.G. Lovett, Tavistock Enamellers, Summerlight, Draper Travel Services, Clarewell Investments, Drestcom, Cancellio, Maranville, Raeman Jewels, J.M. Financial Services, Gershwin Fish, Holmer Car Services, Williams Brothers (Manchester), Bray Garage, Allotment Estates, R.J.B. Haring, Tracey's Transport (Welwyn), Willoughby Staff Agency,

Hackney Road Cash & Carry, P.B.A. Copiers (Holdings), Alfred Webb & Sons (Transport), Christmas Holdings, Commerbank, Lamberly, Essex Machinery & Salvage Co., Dranglow, Newmarket Mouldings, Al-Arab Guide Services.

Manchester Facilities Management, Chequerboard Video, Lettergate, W.M. Greetings Cards, Central Chinese Restaurant, United Middle East Executives, Uebenthal Securities, Uebenthal Fine Wines, Efficient Gas Service, W. Lobley & Sons, Morecambe and Lancaster TV Services, David L. Shaw Organisation, Brinsford, Marine Fabrications, Langford Communications, Special Motors (Sales and Repairs), Boston Transfreight International Refrigerated Transporters, Boston Transfreight International Transporters.

مركز المنهج

General Property Trust the largest listed property trust in Australia announces new initiatives of importance to all Unitholders.

- A change in the method of calculating the Manager's service charge, which increases the forecast distribution rate for 1981 to at least 15.5 cents per unit.
- Introduction of a Distribution Reinvestment Plan, enabling participating Unitholders to reinvest distributions automatically in additional units in GPT.
- Investigations by GPT into the possible purchase of the Australia Square office complex in Sydney.



G.J. Dusseldorp

These items were announced by Mr. G.J. Dusseldorp, Chairman of Lend Lease Management Ltd, the Trust Manager, at an Extraordinary General Meeting of Unitholders in Sydney on 5 March 1981.

Results of Meeting

Unitholders at the meeting passed three extraordinary resolutions amending the Trust Deed as proposed by the Manager to enable:

- Distribution of realised net capital gains.
- The issue of partly paid units.
- Private placement of units.

The Chairman advised the meeting that the Manager would give an undertaking to the Trustee for the duration of the Trust no private placement would be made other than to the Trustee of the Distribution Reinvestment Plan, unless approved by an ordinary resolution of Unitholders. Any placement to the Distribution Reinvestment Plan would be at the then current market price of GPT units.

Manager's Service Charge

Under the formal Trust arrangements, Unitholders are entitled to a base return of eight and a half per cent on cash subscribed and any surplus income is shared equally with the Manager. Since 1 January 1979, the Manager had voluntarily increased the base return to nine and one-quarter per cent.

The Manager has advised the Trustee that, effective from 1 January 1981, the basis of calculating the Manager's service charge has been changed for the duration of the Trust from one-half over the current nine and one-quarter per cent on cash subscribed to one-third over the original eight and one-half per cent.

The Chairman told the meeting that as a result of the change in the service charge the Manager has revised the previously forecast distribution rate of 7.4 cents per unit for the six months to 30 June 1981 upwards to 7.8 cents, and to at least 15.5 cents for the full year, subject to the current trends of rental income continuing.

"There will be no change to the arrangement whereby the Manager pays all the administrative costs of GPT from its now reduced share of any surplus income. The change represents an effective reduction of 25 per cent in the Manager's income, which might be considered an appropriate way of celebrating the 10th anniversary of GPT."

The Chairman said the size and income of GPT had grown considerably, enabling economies of scale to be achieved which the Manager had decided to pass on to Unitholders.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan, which is entirely voluntary, will be introduced in time for the distribution payment in August 1981.

Unitholders electing to participate will nominate such part of their regular distributions as they see fit for automatic and collective reinvestment in additional GPT units by the Plan Trustee, Burns Philp Trustee Co. Ltd, which will administer the plan.

Distributions thus pooled will be invested in GPT units to be held in trust under the plan. Unitholders will continue to hold their existing holdings in their own names and to receive entitlements to any new issues in respect of those holdings.

The Chairman said that the Distribution Reinvestment Plan was a fairly new concept in Australia.

"This kind of plan is well established in the U.S. as a convenient way to reinvest income being put aside for some future purpose and in a manner which saves worry and cost."

The Manager will pay all administrative costs of the plan which will bear only the costs of brokerage and stamp duty on transactions. The details of the plan will be circulated to all Unitholders in the near future.

Australia Square

The Trust Manager is currently investigating the possible acquisition of the Australia Square office complex in Sydney, N.S.W.

The Chairman said: "Whether we will be able to make an offer for Australia Square which I consider personally as the most desirable thing that could happen to GPT, will depend on whether we can arrange financing that can ensure the continuing growth in the distribution rate for Unitholders."

If we cannot find a way of doing that, we will not formulate an offer."

RESULTS FOR 1980

Key features of results for the year to 31 December 1980 are:

- Total assets increased from \$150.5 million to \$210.7 million.
- Net revenue increased from \$10.3 million to \$13.8 million.
- Distribution per unit increased from 14.2 cents to 14.5 cents, the ninth consecutive increase in annual distribution rate.
- Net tangible asset backing per unit rose from \$1.52 to \$1.64.
- Independent valuations of seven properties added \$20.1 million to the value of property assets.

Distribution for 1980 includes approximately 1.2 cents per unit free of income tax to Unitholders.

The Trust's property portfolio comprises 16 prime income producing properties located in N.S.W., Victoria, W.A., A.C.T. and the Northern Territory.

* Currency figures in Australian dollars.



LEND LEASE MANAGEMENT LIMITED

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Telephone (02) 2 0580

Copies of the 10th Annual Report are available from:

City of London Financial Public Relations, 42-45 New Broad Street, London EC2M 1QY. Phone 01-628 5518.

FREE ENTERPRISE, LIKE FREEDOM ITSELF, NEVER COMES FREE.



It's something you've got to speak out for, and fight for. Trouble is, too many of us take freedom for granted and allow our most precious heritage to slip away, a piece at a time. So if you really want to revitalize America, begin by revitalizing one of America's basic freedoms: Speak out for free enterprise. After all, it began here. But it could also end here.

Free enterprise companies in insurance, real estate and management services with assets of \$2.7 billion, 919 Third Avenue, New York, New York 10022, Reliance Group, Incorporated.

Reliance Group

Euroflame's USM listing goes ahead

the bonus of higher payouts in the coin machine division, profits should be headed for some £2.75m pre-tax in the full year where the prospective rate tax cut is 10. Up in yesterday to 37p the forecast yield is 6 per cent which reflects the group's strong position as a cash flow business.

GROVEBELL GROUP AND BOND STREET

Following the approach by Auchinleck Investment to Bond Street Grovells Group has—under rule 12 of the City Code—asked the Bond Street board for certain financial information.

When the Grovells board has had an opportunity to consider the information requested on Bond Street, it will be able to decide whether to revise its original offer of 15p cash and two Grovells ordinary shares for each Bond Street ordinary share.

Shareholders of Bond Street are advised not to take any action on accepting Auchinleck's offer, pending a further announcement from Grovells.

22.90 percent in the full year
1976 to 1977. The average yield
p/e is 10. Up 1p yesterday to 77p
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	1979	1980	Increase
Assets	\$24,923,000,000	\$27,794,000,000	12%
Deposits	\$18,451,000,000	\$21,169,000,000	15%
Loans	\$16,317,000,000	\$18,333,000,000	12%

Security Pacific Corporation common stock is listed on the New York Stock Exchange and The Stock Exchange in London. Member FDIC.



Full details from Mrs. Lüscher
or Mr. Marich at the
owner-builders:—
Sodim SA, PO Box 62,
1884, Villars s/Orion,
Switzerland.
Telephone: 010 41 25/35 35 31
Telex: 25259 GESER CH

1st April, 1961, in January. This
of £0.175 per unit. This
represents interest at 3 3/4% in accordance
with the terms of the offer of the
Guyana Government dated 3rd January.

UFFOLK CORPORATION BILLS
 3,000 BILLS ISSUED March 20th, 1966
 2 1/2% to mature June 23rd, 1980

SUFFOLK CORPORATION BILLS
 3,000 bills issued March 26th, 1966
 5 1/2 % to mature June 23rd, 1980
 Sales \$61,000,000. Outstanding
 \$0,000.

the funds which are to be used for the purpose covered by the above loans for the year 1951 in sterling at the rate of 50.00 per unit coupon. This interest at 3 3/4% in accordance with the terms of the offer of the Government date 3rd January, 1951.

NL Industries Reports...

Agreement to buy Sperry-Sun, Inc. for \$252 Million.

This report is a part of our program to keep you informed of what is happening at NL Industries. If you would like additional information, please contact us.

Ray C. Adam
Ray C. Adam
Chairman and
Chief Executive Officer

Theodore C. Rogers
Theodore C. Rogers
President and
Chief Operating Officer

NL Industries announced on March 13, 1981 that it has entered into a definitive agreement to purchase Sun Company's oilfield services subsidiary, Sperry-Sun, Inc., for \$252,340,000 in cash. Sperry-Sun is a leading worldwide supplier of directional drilling products and services for the oil and gas industry. Completion of the transaction is subject only to governmental review and clearance.

Sperry-Sun, with 1400 employees operating in sixteen countries, had sales of approximately \$100,000,000 and net income in excess of \$10,000,000 for the year ended December 31, 1980. During the past 5 years, sales and earnings of Sperry-Sun have been increasing at a compound annual rate in excess of

30 percent.

Ray C. Adam, Chairman of NL Industries, stated, "The acquisition of Sperry-Sun represents NL's initial entry into the large and rapidly growing directional drilling market. Sperry-Sun will also provide services which are complementary to NL's logging products and services and measurement-while-drilling research and development efforts."

Mr. Adam further stated that, "The purchase of Sperry-Sun underscores NL's commitment to service the worldwide oil and gas industry and should enhance the growth opportunities of both Sperry-Sun and its employees."

Sperry-Sun provides electronic, magnetic, gyroscopic and other equipment and services needed when oil and gas well drilling is started, sometimes as much as two to three miles from the drilling rig.

NL believes that the market for directional drilling will continue to grow rapidly as more wells are being drilled in offshore and remote locations. NL expects to participate fully in this growth through Sperry-Sun.

Sperry-Sun manufactures its broad range of equipment at plants in Sugar Land, Texas, Lafayette, Louisiana and Cheltenham, England. Fifty-five sales and service offices are maintained throughout the world. In addition to providing directional equipment and services, Sperry-Sun also measures formation pressures with specialized equipment which it

manufactures. Sperry-Sun also manufactures a line of downhole tools, principally reamers and stabilizers.

Sun Company Chairman and President, Theodore A. Burtis, said, "Sperry-Sun is a strong company in the high-growth oilfield services industry. It has a tremendous potential for enhancing its position, and this potential will be better fulfilled under NL because Sperry-Sun's aggregation of skills, technology and service techniques is more compatible with NL's future interests. Also, there is the real concern that an oilfield services company is less attractive to its customers—oil companies—when it is owned by another oil company. With the sale to NL, this barrier has now been removed. For these reasons, Sperry-Sun's future is a very bright one."

Sperry-Sun was formed in 1929 as a joint venture between Sun and Sperry Gyroscope Company, and it became a wholly-owned Sun subsidiary in 1947. Sperry-Sun will provide NL with its second major service operation with more than 50 years of continuous service to the petroleum industry. Baroid, which is NL's \$800 million drilling fluid operation, was also formed in the late 1920s and represents almost half of NL's \$12 billion petroleum service business.

NL Industries is a leading worldwide manufacturer and supplier of petroleum services and equipment, chemicals and metals with annual sales of over \$2 billion.



NL Industries, Inc.
1230 Avenue of the Americas
New York, NY 10020

Companies
and Markets

CURRENCIES, MONEY and GOLD

Dollar easier

Dollar weakened on interest rate considerations yesterday, finishing around its lowest level of the day following the cut in U.S. bank prime lending rates by Citibank and the First National Bank of Chicago. Earlier in the day the former trend in Eurodollar rates had helped to reverse an initial selling of the dollar in thin quiet trading.

Developments in Poland surrounding the Solidarity movement, and figures from Germany on money supply and industrial production had little influence on the market.

Sterling was firm against the dollar and major currencies in general. European currencies showed little change against the dollar. The recently devalued Italian lira weakened slightly under the European Monetary System. The Belgian franc was very weak at the bottom of the system, while the D-mark replaced the French franc as the strongest EMS currency.

DOLLAR—trade weighted index (Bank of England) fell to 99.2 from 99.3. The U.S. currency touched a peak of DM 2.0890 against the D-mark, but closed at DM 2.0820 compared with DM 2.0875 previously. It also fell to SwFr 1.8950 from SwFr 1.8985 in terms of the Swiss franc, and was unchanged at ¥306.80 against the yen.

STERLING—trade weighted index (Bank of England) rose to 100.6 from 100.1, the highest level for over a month. It opened at 100.6 and eased to 100.4 at noon. The pound opened at \$2.2530-2.2540 and fell to a low of \$2.2530-2.2540 in the morning. It recovered to \$2.2550-2.2560 at noon, and touched a peak of \$2.2600-2.2610 in the afternoon. Sterling closed at \$2.2565-2.2565, a rise of 1.65 cents on the day.

D-MARK—One of the stron-

gest members of the European Monetary System, helped by a sharp rise in West German interest rates and the introduction of a special Lombard facility. Previously the D-mark had been depressed by high foreign interest rates, and a continuing large balance of payments deficit. Tension over the situation in Poland remains a market factor. The D-mark weakened against the dollar and sterling at the Frankfurt fixing, with the pound rising to DM 2.0810, compared with DM 2.0882. The firmness of the U.S. currency was due mainly to rising tension in Poland, and this tended to outweigh any change in interest rate differentials in favour of Germany. Figures published yesterday showed that M3 money supply grew at an unchanged projected rate of 8.4 per cent in February, up from 4.8 per cent at the same time last year.

BEELGIAN FRANC—Weakest member of the EMS following the devaluation of the Italian lira over the weekend. The National Bank has resisted a rise in Belgium's discount rate so far, for fear of causing further damage to an already depressed economy. The D-mark's recent sharp recovery has tended to increase pressure on the Belgian currency. The franc showed mixed changes at the Brussels fixing, gaining ground against several members of the EMS, but weakening overall within the system and coming very close to the maximum permitted divergence limit. For several weeks the currency has been outside the 75 per cent alarm bell warning, where the central bank is expected to take corrective action, but the decline has continued.

THE POUND SPOT AND FORWARD

Month	Day's spread	Close	One month	% Three months	% Six months
March 24					
U.S.	2.2530-2.2535	2.2585-2.2590	0.27-0.37c dis	-1.89	1.27-1.37c dis
Canada	2.2520-2.2525	2.2575-2.2580	0.10-0.20c dis	-0.51	2.70-2.85c dis
Belgium	2.2520-2.2525	2.2575-2.2580	0.10-0.20c dis	-0.51	2.70-2.85c dis
Denmark	14.81-14.85	14.85-14.89	2.30-2.40c dis	-2.25	34.44c dis
Ireland	1.2500-1.2505	1.2505-1.2510	0.10-0.20c dis	-0.51	2.70-2.85c dis
W. Ger.	4.78-4.82	4.78-4.82	0.10-0.20c dis	-0.51	2.70-2.85c dis
Portugal	127.20-127.30	127.40-127.50	10c pm-125c dis	-5.41	20-300c dis
Spain	191.40-191.50	191.60-191.70	45-100c dis	-4.54	200-225c dis
Italy	2.250-2.251	2.250-2.251	14-16 lire dis	-0.12	14-16 lire dis
Norway	12.15-12.18	12.17-12.19	15c pm-15c dis	-0.81	14-16 lire dis
Sweden	10.35-10.38	10.35-10.38	27-30c dis	-3.91	114-125c dis
Japan	232.20-232.30	232.40-232.50	1.80-1.90c dis	-5.81	5.25-5.40c dis
Austria	13.20-13.25	13.20-13.25	2-3c pm	-0.51	2.70-2.85c dis
Switz.	4.78-4.82	4.78-4.82	2-3c pm	-0.51	2.70-2.85c dis

THE DOLLAR SPOT AND FORWARD

Month	Day's spread	Close	One month	% Three months	% Six months
March 24					
U.S.	2.2530-2.2535	2.2585-2.2590	0.27-0.37c dis	-1.89	1.27-1.37c dis
Canada	2.2520-2.2525	2.2575-2.2580	0.10-0.20c dis	-0.51	2.70-2.85c dis
Belgium	2.2520-2.2525	2.2575-2.2580	0.10-0.20c dis	-0.51	2.70-2.85c dis
Denmark	14.81-14.85	14.85-14.89	2.30-2.40c dis	-2.25	34.44c dis
Ireland	1.2500-1.2505	1.2505-1.2510	0.10-0.20c dis	-0.51	2.70-2.85c dis
W. Ger.	4.78-4.82	4.78-4.82	0.10-0.20c dis	-0.51	2.70-2.85c dis
Portugal	127.20-127.30	127.40-127.50	10c pm-125c dis	-5.41	20-300c dis
Spain	191.40-191.50	191.60-191.70	45-100c dis	-4.54	200-225c dis
Italy	2.250-2.251	2.250-2.251	14-16 lire dis	-0.12	14-16 lire dis
Norway	12.15-12.18	12.17-12.19	15c pm-15c dis	-0.81	14-16 lire dis
Sweden	10.35-10.38	10.35-10.38	27-30c dis	-3.91	114-125c dis
Japan	232.20-232.30	232.40-232.50	1.80-1.90c dis	-5.81	5.25-5.40c dis
Austria	13.20-13.25	13.20-13.25	2-3c pm	-0.51	2.70-2.85c dis
Switz.	4.78-4.82	4.78-4.82	2-3c pm	-0.51	2.70-2.85c dis

CURRENCY MOVEMENTS

Mar. 24	Bank of England	Morgan Guaranty	Mar. 23	Bank of England	Morgan Guaranty
Sterling	100.6	100.6	Sterling	100.6	100.6
U.S. dollar	99.2	99.2	U.S. dollar	99.2	99.2
Belgium	117.0	117.0	Belgium	117.0	117.0
Denmark	14.81	14.81	Denmark	14.81	14.81
France	121.6	121.6	France	121.6	121.6
Germany	121.6	121.6	Germany	121.6	121.6
Italy	121.6	121.6	Italy	121.6	121.6
Japan	121.6	121.6	Japan	121.6	121.6
Norway	121.6	121.6	Norway	121.6	121.6
Sweden	121.6	121.6	Sweden	121.6	121.6
Switzerland	121.6	121.6	Switzerland	121.6	121.6

OTHER CURRENCIES

Mar. 24	Bank of England	Morgan Guaranty	Mar. 23	Bank of England	Morgan Guaranty
Argentina	5508-5512	5508-5512	Argentina	5508-5512	5508-5512
Australia	1.9338-1.9378	1.9338-1.9378	Australia	1.9338-1.9378	1.9338-1.9378
Brazil	168.55-169.55	168.55-169.55	Brazil	168.55-169.55	168.55-169.55
Canada	9.185-9.190	9.185-9.190	Canada	9.185-9.190	9.185-9.190
Denmark	11.70-11.75	11.70-11.75	Denmark	11.70-11.75	11.70-11.75
France	121.6	121.6	France	121.6	121.6
Germany	121.6	121.6	Germany	121.6	121.6
Italy	121.6	121.6	Italy	121.6	121.6
Japan	121.6	121.6	Japan	121.6	121.6
Norway	121.6	121.6	Norway	121.6	121.6
Sweden	121.6	121.6	Sweden	121.6	121.6
Switzerland	121.6	121.6	Switzerland	121.6	121.6

EXCHANGE CROSS RATES

Mar. 24	Mar. 23	Mar. 24	Mar. 23	Mar. 24	Mar. 23
Pound Sterling	1.0000	U.S. Dollar	0.4411	Deutsche Mark	2.3636
U.S. Dollar	0.4411	Deutsche Mark	2.3636	Japanese Yen	100.00
Deutsche Mark	2.3636	Japanese Yen	100.00	French Franc	6.5596
Japanese Yen	100.00	French Franc	6.5596	Swiss Franc	2.0000
French Franc	6.5596	Swiss Franc	2.0000	Dutch Guilder	3.6036
Swiss Franc	2.0000	Dutch Guilder	3.6036	Italian Lira	200.00
Dutch Guilder	3.6036	Italian Lira	200.00	Belgian Franc	20.3333
Italian Lira	200.00	Belgian Franc	20.3333	Spanish Peseta	166.67
Belgian Franc	20.3333	Spanish Peseta	166.67	Portuguese Escudo	200.00
Spanish Peseta	166.67	Portuguese Escudo	200.00	Yugoslav Dinar	100.00
Portuguese Escudo	200.00	Yugoslav Dinar	100.00		

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 24)

3 months U.S. dollars	6 months U.S. dollars	3 months U.S. dollars	6 months U.S. dollars
bid 14 15/16	offer 15 1/16	bid 14 7/8	offer 15

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc	Japanese Yen
Short term	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2
7 days notice	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2
Month	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2
Three months	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2
Six months	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2
One Year	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2

INTERNATIONAL MONEY MARKET

Mar. 24	Mar. 23	Mar. 24	Mar. 23	Mar. 24	Mar. 23
Gold Bullion (fine ounce)	553.543	553.543	553.543	553.543	553.543
Gold Coins	553.543	553.543	553.543	553.543	553.543
Kruggerand	553.543	553.543	553.543	553.543	553.543
100 Kruggerand	553.543	553.543	553.543	553.543	553.543
100 Kruggerand	553.543	553.543	553.543	553.543	553.543
100 Kruggerand	553.543	553.543	553.543	553.543	553.543
100 Kruggerand	553.543	553.543	553.543	553.543	553.543
100 Kruggerand	553.543	553.543	553.543	553.543	553.543
100 Kruggerand	553.543	553.543	553.543	553.543	553.543

LONDON MONEY MARKET

Mar. 24	Mar. 23	Mar. 24	Mar. 23	Mar. 24	Mar. 23
Overnight	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2
2 days notice	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2
7 days notice	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2
Month	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2
Three months	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2
Six months	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2
One Year	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2

MONEY RATES

Mar. 24	Mar. 23	Mar. 24	Mar. 23	Mar. 24	Mar. 23
Prime Rate	17-17 1/2	17-17 1/2	17-17 1/2	17-17 1/2	17-17 1/2
Fed. Fund	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2	12 1/2-13 1/2
Treasury Bills (13-week)	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Treasury Bills (26-week)	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Discount Rate	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Overnight Rate	10.75	10.75	10.75	10.75	10.75
One month	12.50	12.50	12.50	12.50	12.50
Three months	12.50	12.50	12.50	12.50	12.50
Six months	12.50	12.50	12.50	12.50	12.50

JAPAN

Mar. 24	Mar. 23	Mar. 24	Mar. 23	Mar. 24	Mar. 23

The small paper mill that bucks a national trend

BY RHYD DAVID, NORTHERN CORRESPONDENT

IN BRITAIN'S depressed paper industry the small Henry Cooke mill on the fringes of the Lake District stands out as an example of how to withstand the current recession.

The industry in general, under the weight of imports from Scandinavia, high energy charges, inflation and the strong pound, has shed 8,500 jobs in the past year, and 15 mills have closed their doors including the giant Bowater plant at Ellesmere Port. Capacity has fallen by 1m tonnes or nearly 20 per cent of the total at the start of 1980.

Throughout this difficult period the Henry Cooke mill, part of the Liverpool-based agricultural and industrial products group, J. Bibby, has not had to sack or put on short time any of its 220 employees—and it has continued to work at near capacity on three shifts.

Over the past 10 years, too, it has regularly made among the best returns of any company in the sector, and has outperformed most of the rest of Bibby. In 1980 the company made a pre-tax profit of £1.9m on turnover of £13.4m.

Indeed, it is outside the mainstream activities of the Bibby group which acquired it in the 1980s as a means of utilising cotton linters—a waste product generated in its main oil and seed business. The mill at Beetham near Kendal is resistant, too, from raw material suppliers and main markets.

The secret, according to Mr. Donald MacGregor, a 37-year-old Scot from the Isle of Skye, who recently joined the company as managing director after 13 years in various UK locations with Wiggins Teape, can be traced back to decisions taken well before the current crisis affecting the sector.

"It was realised by management at the end of the 1960s that Henry Cooke could only survive by becoming more specialised, and that moves in this direction would need to be supported by investment in up-to-date equipment," he says.

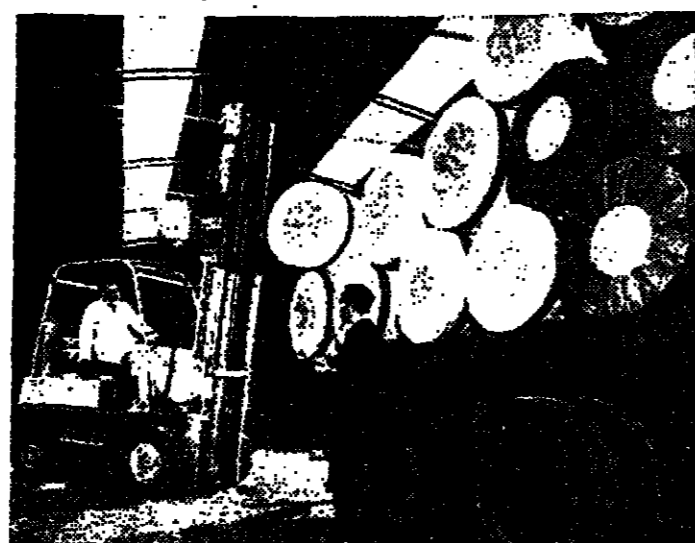
The company's first move was into medical paper—a market which had opened up as a result of the introduction into hospitals of Central Sterile Supplies Departments to replace previous ward-based sterilisation of equipment. Instruments and dressings are now steam-treated at a central point and wrapped in sterile paper in special packs until required.

Henry Cooke is now the leading UK supplier of sterile paper for use by hospitals and the medical supplies industry, followed by a subsidiary of Buzil. The company has also been able to establish itself in export markets in Europe and elsewhere as other countries have adopted centralised sterilisation procedures.

The Beetham mill since 1972 has also been supplying much of the paper used for the relatively new process of textile transfer printing. The paper which has to incorporate certain special characteristics is printed by the customer with a design, and this is later transferred under heat to fabric.

The market has failed to grow as quickly as had been expected, mainly because of the limited range of materials for which the process is satisfactory, but total demand in the UK is nevertheless a useful 6,000-7,000 tonnes a year. Other specialities developed by Henry Cooke include crepe papers for use in carpet-backing, in packaging and certain medical applications, and fireproof papers.

Around 50 per cent of the company's output of 30,000 tonnes a year is now in speciality papers, and the immediate objective is to push this closer to 60 per cent. The balance of the plant's output is paper for the packaging industry, including a number of semi-specialist products such as sugar bag, flour bag, and other heavy bag papers.



A quality controller checks Cooke's sterile paper bales.

added value products has totalled around £2.5m in the last four years, and has included major rebuilding of one paper machine and the installation of computer controlled production monitoring on another.

The rebuilt Beloit Walmsley machine, which when installed in 1977 boasted the world's biggest paper-glazing cylinder with a diameter of 20 ft, now operates at greatly increased running speeds giving a 25 per cent increase in production capacity. The introduction of computer control has at the same time improved the running of the other machine and has made it possible to reduce the weight of certain grades of paper, giving customers (who pay for their paper by weight rather than size) more product for their money.

The next phase of investment, costing a further £1m, will involve upgrading equipment on the machine that has been computerised, and computerisation of the rebuilt machine, which will enable the company to expand further its output of fine-grade papers.

A total of £330,000 has also been spent by the group on a new effluent treatment plant which will substantially reduce the pollution in the water returned to the River Bela—the company's main source of water for the production process—and make it possible to increase its utilisation of waste paper in its raw material mix.

The company's investment over the past 10 years, Mr. MacGregor points out, has resulted in a doubling of output to the present level of around 30,000 tons per annum with only a small increase in numbers employed. This substantial improvement in productivity has enabled Henry Cooke's commodity paper for the packaging industry to stay competitive with imports from Scandinavia.

At the same time the move into specialised markets has given the company products which are less subject to competition and, because of their technology, able to command premium prices. The specialised product mix means 100, according to Mr. MacGregor, that Henry Cooke now has a much lower break-even point than the average British mill.

A new approach towards the customer has also been encouraged by the company's involvement in completely new markets such as the medical field and textiles. "Paper companies have traditionally been production-orientated," says Mr. MacGregor.

Henry Cooke has had to go out and find what the customer requires in these specialised new fields and to develop the appropriate product.

Inevitably the company, like the rest of the industry has been affected to some extent by the weak market conditions in the UK and last year postponed plans to add a fourth shift which would have enabled production to rise to 36,000 tonnes per annum. The plant, Mr. MacGregor admits, is also not being run at present at the peak efficiency that would be aimed for in buoyant market conditions.

The order book nonetheless is described as better than for some time and the worst of the de-stocking is now thought to be over.

The task now facing the management is to make sure Henry Cooke is as nimble in the 1980s as in the 1970s in avoiding the problems that have affected the rest of the sector.

The company's plans are to develop further sales overseas for its specialist papers, and in particular its sterile papers, now that the UK market is becoming saturated. Exports currently account for 10 per cent of sales but it is hoped to double this figure.

Today's specialities have a habit, however, of becoming tomorrow's commodities. To counter this prospect, Henry Cooke will also be looking for new speciality papers to add to its current range.

هكذا من النجف

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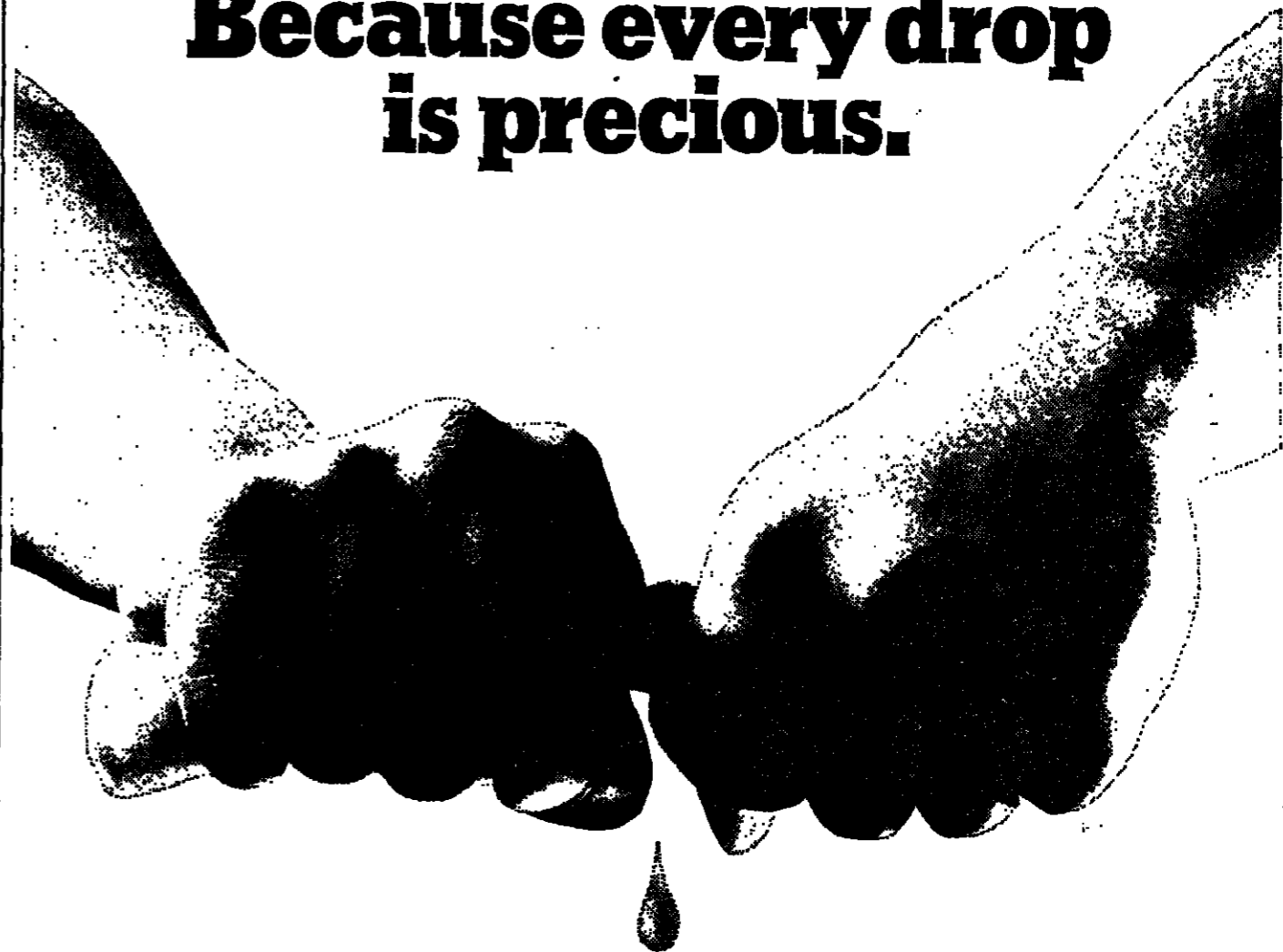
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Geneva Motor Show

By Kenneth Gooding, Motor Industry Correspondent

The 'Japanese question'

"THE FUTURE shape of the European motor industry will be determined by the way it deals with the Japanese question," said Mr. Pratt Thompson, executive director, commercial, for BL as he gazed across an array of cars from all over the world on display at the Geneva Motor Show.

Nearly every one of the world's car makers, from Alfa Romeo and ARO to Volkswagen and Zastava, was represented at Geneva earlier this month to remind us that it is neutral territory. Switzerland is one of the few European countries without a manufacturer to call its own.

That is why the show usually provides a useful meeting point at the beginning of the year for the industry's top brass to meet and bounce ideas off one another.

And, as Mr. Thompson's remarks suggested, the major topic this year has been how the Europeans can present something like a united front to what he and others describe as the "Japanese question."

Switzerland itself provides a neat illustration of what that "question" involves. Last year the Japanese pushed up their share of the Swiss new car market from 16 to 23 per cent. They did so by cutting deeply into the West German manufacturers' sales and by pushing the French into third place in the league table.

However, the consensus of opinion at the show was that the Japanese have now realised they cannot move much further into European markets without encountering the more overt forms of protectionism from governments determined to protect their car makers, most struggling to make even a meagre profit and some in deep financial trouble.

Japanese car sales in that part of Europe the Common Market manufacturers call "home" — the EEC plus Spain — jumped 18 per cent from 630,000 to 746,000 last year, lifting their market penetration from 6.6 to 8.2 per cent.

And that "explosion" came at a time when the Peugeot group (including Citroën and Talbot), BL, Fiat, General Motors in Britain and Ford in Germany were all piling up substantial losses.

"The Japanese producers, even after the increases in the value of the yen, still have tremendous cost advantages over the Europeans," pointed out Mr. Bob Lutz, chairman of Ford of Europe. "So some of their

EUROPEAN CAR SALES (selected markets)

	1979	1980
Austria	214	231
Belgium	423	461
France	1,976	1,873
Holland	571	448
Italy	1,441	1,720
Spain	574	517
Sweden	215	192
Switzerland	279	280
UK	1,716	1,514
West Germany	2,623	2,432

SHARES OF EEC MARKETS PLUS SPAIN

	1979 %	1980 %
BL	4.3	3.7
Fiat (including SEAT in Spain)	12.8	14.2
Ford	12.1	11.3
General Motors (Vauxhall & Opel)	9.0	8.3
Peugeot (including Citroën & Talbot)	17.7	15.3
Renault	14.0	13.8
VAG (Volkswagen-Audi)	12.2	11.9
Japanese (all makes)	6.6	8.2

recent price increases merely reflect that the Japanese don't want to improve market share at this time.

The sentiment was echoed by Herr Verner Schmidt, Volkswagen's sales and marketing director. "The Japanese have been pushing up prices very fast. The question is: Is that because of the yen revaluation, or is it because they will be exercising some kind of restraint and therefore have settled for more money rather than more volume?"

When the Europeans are discussing their individual strategies it becomes obvious they have more or less given up attempts to fight the Japanese on their far Eastern doorstep.

Volkswagen, one of the two European groups truly entitled to call itself a multi-national, is a good example. About 75 per cent of its sales are in Europe and the total goes up to 95 per cent if you include North and South America. "We are simply not competing with the Japanese in third markets," said Herr Schmidt.

There is much emotion involved. One senior executive of a German company, when discussing Volkswagen's decision to talk with Nissan about the possible production by Nissan of a VW car in Japan, declared: "This makes me very, very angry. It could have been done much, much better through European co-operation."

The Europeans are also wait-

ing to see if Nissan really will go ahead and build a car manufacturing plant in the EEC following the feasibility study going on in the UK.

M. Claude Weitz, Renault's export director for Europe, summed up the prevailing viewpoint about the project when he commented: "It could be a good thing. We Europeans have nothing to fear from the Japanese when they are manufacturing cars under the same conditions, facing the same costs and labour relations customs as we are."

But there is also real concern that Nissan would get the best of both worlds — an EEC base and the benefit of low-cost components from Japan.

BL, Ford and Renault all agree that the British Government should press Nissan to give firm guarantees about the components it would use in the Datsun cars it might build.

They suggest that if Nissan really wants to be a Common Market manufacturer it should undertake to use 80 per cent of local components as measured by weight rather than value.

The use of weight as a measurement would eliminate any distortions caused by transfer pricing (the price Nissan in Britain would be charged for products from other parts of the group).

There is already over-capacity in Europe. It is being alleviated slightly by closures in Scotland (by Peugeot), England (by BL) and in Belgium (by BL and Citroën). But General Motors is well on the way to completing its Spanish plant and, if the Nissan project goes ahead, together they will add 400,000 to 500,000 to Europe's annual car-making capacity.

In spite of this, Ford still has not given up entirely the idea of adding another car assembly facility to its European operations — in Portugal.

The European car makers have changed their minds somewhat about the expected recovery in sales and now see it coming a little later than they were predicting towards the end of last year.

For example, Renault last autumn was expecting to be able to get through 1981 without any lay-offs. But even Renault, perhaps currently the most successful European manufacturer, has begun to make minor cut-backs to its production schedule and started laying off people.

Volkswagen's Herr Schmidt reckons that overall car sales in

the EEC plus Spain will be about the same as the 9.1m for last year. VW's forecasts include the expectation of a further decline in West Germany from 2.43m to 2.3m for 1981. For France the total should be about level with last year's 1.87m because of a slight rise after the elections. Sales in Britain could dip to 1.4m from 1.51m.

Whatever the outcome the manufacturers do not expect to make much profit on sales. Fierce price competition is the order of the day throughout the major markets. Both Ford and General Motors have launched "value for money" campaigns in Germany, and Ford has completed a similar exercise in Britain. Fiat has reduced prices across the board in some markets.

Switzerland, once again, shows what really unfettered competition can do for car prices — and it is not only the Japanese that are holding them down.

Skoda of Czechoslovakia at the show has a "6,666" model. That's the number of Swiss francs needed to buy it roughly equivalent to £1,600. Ford has launched a low-priced Fiesta at the show costing SwFr 9,400 (£2,160) but still higher than the prices charged for most Japanese cars of the same size. And the price for the basic Metro, given its Continental send-off at the show by BL, is SwFr 9,990 (around £2,300), compared with £3,100 in the UK.

The pressures of no-growth markets combined with minimal prices are forcing the manufacturers to speed up productivity improvements they already had in train.

Mr. Ray Horrocks, chairman of BL Cars, recited the statistics for the Longbridge plant where the Metro is produced. In 1968-69 some 25,000 hourly paid people were turning out 19 to 20 cars per man a year. In 1978-79 the rate considering that the plant takes in foundries and engine production which have a high labour content. In the 1970s BL still had 25,000 at Longbridge but output had slumped to 10 cars per man per year.

"Now we are down to 20,000 hourly paid at Longbridge producing 18 to 19 cars per man per year. In two years or less we have stopped the haemorrhage which occurred over the previous 11," said Mr. Horrocks. "If we get the right reaction to the Metro on the Continent, output will go up to 24 to 25 cars per man per year."

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Companies
and Markets

INTL. COMPANIES & FINANCE

Net losses at Kloeckner substantially reduced

BY ROGER BOYES IN BONN

KLOECKNER, THE West German steel group, has managed to halve its net losses to DM 11.4m (\$5.5m) for the year ended September 1980. The company is hoping shortly to increase its rolled steel prices and ease the pressure on margins.

Herbert Glenow, Kloeckner's chief executive, said that the group would try to push through a price rise in quick succession—by DM 50 per tonne next week and a further DM 50 in July. This explains to some extent why Kloeckner, along with the other major German steel producers, has been urging that levies of about DM 100 per tonne be placed on subsidised imports.

Kloeckner's relative success in the 1979-80 business year was influenced by a capital write-down and an injection of fresh capital by banks. Even so Kloeckner has made considerable headway in returning to profitability in the middle of a

structural steel crisis and has used the breathing space to diversify and increase productivity.

Net losses for last year compared with a deficit of DM 25.6m in 1978-79. An accumulated group loss of DM 210m was carried over, but the year's losses and the accumulated deficit were cancelled out by the capital injection of DM 234m.

Kloeckner's strategy has been three-fold. First, energy and labour costs in steel production have been cut sharply and will continue to be reduced. Secondly, diversification, if necessary by buying into small companies, has advanced apace. Finally, the group has tried to use capacity more efficiently.

In the coming years Kloeckner intends to introduce new technology in its metallurgy division, leading to 1,000 fewer jobs, 40 per cent less primary energy consumption and an ultimate 20 per cent cut in capacity. Two-shift working will

be introduced in a rolled steel works, reducing the workforce to 300 (a few years ago there were 7,000). And further energy saving measures will be introduced in its Bremen works.

All Kloeckner expects to save DM 250m over the next three years by means of labour and energy cuts.

In terms of diversification, Kloeckner has been focusing on mining technology, an important growth sector, according to Dr. Glenow—on engineering work (especially advising the motor industry on how to save materials and energy costs) and on machine tool technology.

Steel production, however, remains the core of Kloeckner's activities and, last year, it actually increased crude and rolled steel production. This development led to considerable tension among German steel makers, which accused Kloeckner of breaking out of the agreed voluntary output restraints.

Austrian engineering group faces insolvency

By Paul Lendvai in Vienna

Insolvency proceedings have started against OEKG—Österreichische Kilmatech-Gesellschaft—the Austrian engineering group which has debts totalling Sch 4.3bn (\$330m).

The company, which is half-owned by the State electrical engineer, ELIN, owes about Sch 1bn to the Österreichische Laenderbank, which earlier this month announced that it was unable to pay a dividend for 1980.

OEKG is a highly specialised engineer, engaged primarily in space technology and in manufacturing measuring instruments and air conditioning equipment. Turnover last year was around Sch 1.2bn with exports accounting for 90 per cent of sales.

It has not yet presented its balance sheets for 1979 and 1980, but Austrian debt is said to total Sch 3bn when outstanding outside Austria. It has a production staff of 600 in two plants in Puchberg and Wiener Neustadt in Lower Austria.

By the second quarter of last year OEKG was known to have liquidity problems and ELIN increased its holding to 50 per cent, lifting OEKG's capital from Sch 22m to Sch 80m.

It is feared in Lower Austria that some 30 to 40 small family companies, acting as subcontractors for OEKG may be forced to close if the company has to be liquidated.

Matra profits strongly ahead

BY TERRY DODSWORTH

MATRA, the fast-growing French missiles and high technology group which has recently taken over the Hachette publishing concern, made parent company profits last year of FFf 211m (\$42.2m) after tax.

The results, reached after allocating FFf 42m to reserves for the company's worker participation scheme, compare with profits of FFf 149.6m in 1979. Matra says that the consolidated figures will not be substantially different.

Turnover in 1980 amounted to FFf 2.9bn compared with FFf 2.3bn on a strictly comparable basis, while orders totalled FFf 12.6bn at the end of December last year.

Although Matra has not given any indication of its profits performance this year, its first quarter sales figures up to FFf 602m to FFf 800m indicate its continuing strong growth. For the whole year, the company is forecasting a 45 per cent increase in turnover to FFf 4.2bn.

Union de Banques Arabes et Françaises (UBAF), the French-based bank with Arab interests, reports a net profit for 1980 of FFf 38.4m (\$7.3m), an increase of more than 27 per cent.

The board intends to seek shareholder approval for a foreign bond issue of FFf 82.5m, to which shareholders of UBAC Caracas, UBAF's parent company, will subscribe FFf 37.5m. Shareholders will also be asked to authorise the issue of up to FFf 1bn of bonds over the next five years.

Improved margins for German bank

By Our Financial Staff

INTEREST margins at Bayerische Vereinsbank of Munich improved slightly in the first two months of 1981 and the bank views this year with confidence. Herr Heribert Strobel, management board member, told the annual Press conference.

Operating results in the first two months were about one-sixth of the level of last year, he said. Group net profit in 1980 improved to DM 150.7m (\$72m) from DM 145.9m.

Business volume last year was lower after reduced inter-bank business, especially in forward money market positions. However, the management board described the results as satisfactory.

Norwegian interests buy five Union Carbide plants

BY FAY GJETER IN OSLO

A NORWEGIAN consortium headed by Elkem, the metals mining and manufacturing concern, has signed an agreement to buy five ferro alloy plants from Union Carbide—three in the U.S. and two in Norway—and is continuing negotiations for the purchase of two more in Canada. Total price for all seven factories is \$260m.

Elkem's partners in the takeover are the Jebesen shipping group, Bergen Bank, Den norske Creditbank Norsk Hydro and Norway's three largest insurance groups, Storebrand, Vesta and Norden.

The deal has emerged in a radically different shape to that first mooted last June when it was announced that Shielding Investments of Canada was to play a major role in the buying

consortium. Shielding has yet to explain its reasons for withdrawing from the deal.

The handover of the five plants covered by the initial agreement is expected to be completed by June this year. Before it can take place agreement must be reached on the two Canadian plants.

The problem delaying the purchase of the Canadian factories is understood to be the country's tough foreign investment laws.

Mr. Kaizer Kjelstad, Elkem's managing director, told a Press conference in Oslo yesterday that the Norwegians were still looking for a suitable Canadian partner and "something could be finalised within the next year."

Oce lifts output to meet demand for new products

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH copier group, Oce Van Der Grinten, is optimistic of its prospects despite the continuation into the early months of 1981 of conditions which depressed its 1980 result. The company is preparing to launch a number of important new products for both commercial and drawing offices, the board said.

The fall in net profits last year—the first decline in more than 10 years—resulted from the cost of starting production of three new copiers and the high interest charges from financing stocks of components. Net profit fell 12 per cent to FFf 37.6m (\$16m) last year on sales which were 10 per cent higher at FFf 1.44bn (\$623m).

Demand for the new products was such that Oce is expanding production capacity at its Venlo headquarters and adding 200 extra production and research staff to its Dutch workforce of 3,000. This year's production of the 1900 commercial office copier, introduced in 1980, has already been sold. Fixed asset spending last year was FFf 85m, FFf 20m more than the annual average.

Demand to rent Oce copiers is increasing rapidly and the amount invested in rented machines will rise further this year after reaching a record FFf 60m in 1980. This rise in rentals contributed to the sharp rise in the 1980 net interest

charge. Oce expects to complete the reorganisation of its UK subsidiary, Ozalid, by the end of this year. The depressed state of the British economy means, however, that operating losses this year will be similar to or even higher than last year's £880,000 (\$2m). Oce has reserved £4.5m in 1980 and 1981 to meet reorganisation costs.

As part of the cuts Oce sold its 25 per cent share in Bexford, a coated materials manufacturer, to the main shareholder, ICI. Ozalid shed 400 employees in 1980 and will lay off as many this year, bringing its workforce to just under 2,000.

Reorganisation of Ozalid had proved more difficult than foreseen when it was acquired in 1977, said Mr. Jan Kaptein, Oce chairman. The company's plain paper copier sales in the UK had benefited from the Ozalid organisation, however, while Oce also acquired strategically placed Ozalid operations outside the UK. The worst, was now over, said Mr. Kaptein.

Oce is confident its advanced technology as well as its extensive sales and service network in Europe and elsewhere will allow it to fight off Japanese competition. This is strongest in the low-volume copiers sold through independent dealers. This market is only a small part of Oce's operations.

Heuer-Leonidas recovers

BY JOHN WICKS IN ZURICH

HEUER-LEONIDAS, the Swiss stopwatch specialist, has returned to profits after two years of losses. Against a deficit of SwFr 515,000 in 1979, the group reports a net profit of SwFr 121,000 (\$64,000).

The company stresses, however, that profitability is still "by no means satisfactory," but adds that reorganisation measures have led to increased productivity and reduced costs.

No dividend is to be paid. Turnover rose by 3 per cent to SwFr 20.4m. Swiss stopwatch exports fell by 4 per cent and were subject to constant competition from Far Eastern products, but sales of mechanical and digital stopwatches improved by 8 per cent, reaching 71 per cent of company turnover and more than 40 per cent of total Swiss stopwatch production.

Neither CEDEL nor Euro-clear will clear any transactions in the Notes for settlement on or after April 1, 1981 unless such transactions are in fully paid Notes.

General Motors Overseas Finance N.V.

March 25, 1981

Slowdown in growth at VNU

By Our Amsterdam Correspondent

VNU, the Dutch publishing group, reported a slowdown in profit growth last year and plans to pay an unchanged dividend. Net profit rose 5 per cent to FFf 472m (\$20m) compared with the 14 per cent increase the year before. The company proposes paying a final dividend of FFf 4.65, bringing the total payment to an unchanged FFf 8.85 per share.

Profit per share rose to FFf 10.39 from FFf 10.12. Turnover increased by 11 per cent to FFf 1.32bn (\$570m) compared with the 8 per cent rise in 1979.

These figures reflect an improvement in the second half of the year. Net profit was particularly unchanged at FFf 21.3m at the halfway stage on sales which were 8 per cent higher at FFf 577m.

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March, 1981

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On 25th September, 1981 interest of U.S. \$76,027.8 per U.S. \$1,000 nominal amount of the Notes and U.S. \$760,277.8 per U.S. \$10,000 nominal amount of the Notes will be due against interest Coupon No. 1.

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مكتبة العمل

ISLAMIC BANKING**Pakistan treads anti-usury path**

BY DAVID DODWELL

PAKISTAN'S controversial interest-free banking system, first opened at the beginning of this year, has in 10 weeks attracted deposits worth about \$20m (\$200m). This amounts to only 0.5 per cent of total deposits of some \$4.5bn (\$45.6bn), but is an encouraging start, according to officials at the Pakistan Banking Council, which controls banking in the country.

General Zia ul-Haq, President of Pakistan, has sought to introduce an Islamic banking system since coming to power almost four years ago.

The distinctive mark of Islamic banking is that borrowers earn no interest, and banks charge none, since interest is forbidden under Islamic law. Islam does favour profit, however, and it is on this foundation that Pakistan's interest-free banking system is based.

On January 1, after 15 months of detailed planning, Pakistan's domestic banks (all of which are State-owned) each opened at least one interest-free counter at every branch. Pakistanis can now choose between depositing money in conventional interest-bearing accounts or using a "profit and loss" (PLS) account.

The eventual aim is to dismantle the banking system based on interest, but the possibility of realising this is distant.

Mr. M. R. Khan, chairman of the Pakistan Banking Council, explains: "Undoubtedly at the moment PLS deposits represent a small proportion of the total bank deposits."

To those who see interest-free banking as a contradiction in terms, Mr. Ahmad Durani, former Governor of the Pakistan National Bank, argues: "There is nothing strange in interest-

free concepts. But there is a contradiction in calling it interest-free banking—because the very idea of banking is based on the idea of interest. It would be clearer to talk about interest-free financial activities."

What Islamic banks do, he argues, is to institutionalise the interest-taking activities normally confined to the capital markets of the West.

In contrast with investors in interest-bearing accounts,

accounts tell them they have "a sacred responsibility" to ensure that profits compare favourably with the returns paid on interest-bearing accounts. Bank Rate in Pakistan is currently 10 per cent, with savers earning an average 9 per cent, but up to 14 per cent pre-tax on some investments.

How will banks afford to make loans? In some cases, as in loans given for industrial or commercial purposes, the new system presents no prob-

natural adjunct to Islamic banking.

The Pakistani Banking Council says PLS funds should be used in two main areas: financing the food-grain and commodity purchasing operations of the federal and provincial governments, and financing import bills drawn under letters of credit. Both areas are relatively risk-free and offer good returns. Riskier kinds of lending are likely to remain the business of the interest-bearing sector.

One implication of the new banking system is that it may force competition between Pakistan's nationalised banks.

Interest rates are based on the Bank Rate and do not vary from one bank to another. Returns on PLS accounts will be based on bank profits, however, and since bank profits can vary widely, then depositors ought to earn higher returns at banks with higher profits. It remains to be seen whether this will happen.

How effectively Pakistan's nationalised banks (and the nationalised institutions likely to use PLS funds) will adjust to the entrepreneurial principles underlying Islamic banking is a matter of some concern to financiers familiar with their slow and bureaucratic operations in the past.

The Pakistani experiment is being held out as proof that banking based on Islamic principles can work. As an adjunct to the conventional banking system it could well be an attractive system for business, where many entrepreneurs will be keen to share profits in exchange for interest-free credit for investment. Whether the large and bureaucratic financial institutions expected to operate the system in Pakistan can exploit this promise is another matter.

Pakistan's President Zia ul-Haq has cherished the idea of introducing a system of interest-free banking ever since coming to power almost four years ago. On January 1 this year, the idea became a reality. While numerous practical problems have still to be ironed out, bankers in Pakistan say they are encouraged by public interest shown over the past three months. At the same time, however, conventional interest-bearing banking business continues, and is likely to play an important part in fostering Pakistan's economic development for many years to come.

depositors in PLS accounts earn a share of the profit, or loss, of the receiving bank. The sum is calculated half-yearly and current depositors do not know what return they are making until the bank's profit figures are unveiled at the end of June and December.

However, the Government, aiming to stifle fears that depositors will lose out by using PLS accounts, has informed bankers: "You may assure depositors that the bank will do its best to ensure that funds are invested in profitable transactions so that eventual return on PLS deposits is not less than interest on such deposits under the present system."

A circular instructing bankers on the operation of PLS

terms. A businessman establishing a company will have to show what sort of profits he expects to earn, and the bank will take a share of this notional figure—normally around 20 per cent.

Loans for house-buying are more complex. The lending bank—or, more likely, the House Building Finance Corporation—will calculate the notional rent that would be earned if the house being bought were to be let. After deducting costs of upkeep, the bank reaches a notional profit figure, and claims 20 per cent of this as its share of the profit.

Other consumer loans would be arranged on similar lines, though Pakistani bankers admit this kind of lending is not a

Bell Group gains A\$16m by pull-out from Elder bid

BY OUR SYDNEY CORRESPONDENT

MR. Robert Holmes a Court, the Western Australian businessman, withdrew yesterday from the struggle for control of Elder Smith Goldschmidt making A\$16m (\$US\$19.4m) profit on the sale of 350 shares in the company.

The sale brings to an end a three days of hectic trading in shares of Elder, the diversified Adelaide industrial company involved particularly in servicing the agricultural sector. The trading was sparked by last Thursday's announcement of a partial bid for the company by the Bell Group, controlled by Mr. Holmes a Court.

An estimated A\$70m worth of Elder shares changed hands during the past four days as the price of the shares rose from A\$3.40 to a peak yesterday of A\$5.02.

The Bell Group was bidding

A\$4 a share for 42 per cent of the capital to take its stake to 50 per cent. The offer valued Elder at A\$240m and the 42 per cent the Bell Group was seeking at A\$104m.

By midday yesterday the Bell Group and the defenders—whose identity is still undisclosed—had both amassed 19.9 per cent of Elder's capital and withdrew from the market just short of being forced under national exchange regulations to stand in the market.

The "friends" of Elder are estimated to have purchased about 14 per cent of the capital yesterday through on and off market transactions.

The Bell Group then made an offer to buy out the defenders at A\$5, and in a statement said it was prepared to lift it further if necessary. The A\$5 was refused, and the defenders apparently also

refused to discuss the question of a higher price—but, in turn, made a bid for the Bell Group holdings.

The exact price paid for each share was not disclosed as the deal involved the purchase of a Bell subsidiary holding the Elder stake. However, the Bell statement indicates that it accepted in excess of A\$5 a share.

The buyers would certainly structure the purchase in a way that would not force them to make a full takeover offer for Elder, which would have been the case if any one group held more than 20 per cent.

The fighting-off of the bid has come at considerable outlay by the defenders with the acquisition of the subsidiary costing at least A\$60m and the purchase of the 19.9 per cent interest in a similar amount.

Sharp increase for Swire Properties

By Adrian Bowen in Hong Kong

SWIRE PROPERTIES, by far the most profitable subsidiary of the Swire Pacific group has reported more than doubled profits after tax and minorities for 1980 to HK\$505m (\$US\$66m) from the HK\$237.9m of 1979. This is more than Swire Pacific itself is expected to report shortly, and on the basis of the most recently published figures which show Swire Pacific holding 68 per cent of Swire Properties, the parent's share of its subsidiary's 1980 profit is more than its own earnings for 1979 of HK\$327.9m.

Swire Properties' final dividend is 42 cents a share, making a total for the year of 60 cents a share, against 42 cents for 1979. Shareholders will also receive a one-for-two scrip issue of ordinary shares. The greater part of seven blocks came from sales of large residential developments in Tai Koo Shing Estate on the northern side of Hong Kong Island. Profits from the sale of an additional 10 blocks are expected to appear in the 1981 profit and loss account and the chairman, Mr. Duncan Black, expects 1981 profits from Tai Koo Shing to be substantially higher. Some analysts predict a surplus of just under HK\$1bn.

Trading profits are forecast to decline after 1980, when the estate is fully built, but the company is also constructing buildings, largely commercial, which it intends to hold for investment. Mr. Black says this portfolio will comprise a lettable area of some 7m sq ft by the end of 1983. Swire Properties also has real estate interests in the U.S. and Malaysia, which contributed HK\$22.1m to 1980 profits.

An annual revaluation of the company's investment property on December 31, showed a surplus of HK\$1.2bn over their book value at the end of 1979. This resulted in a 54 per cent increase in book net asset value to HK\$13.26 per ordinary share.

Kirin Brewery lifts profit despite sales volume fall

BY YOKO SHIBATA IN TOKYO

KIRIN BREWERY, Japan's leading brewer with over 60 per cent of the market, posted record earnings and sales for the year ended January 1981, having benefited from beer price rises last April.

Operating profits advanced by 34.1 per cent to ¥425.31bn (\$203m) on sales of ¥855.57bn (\$41.1bn), up 3.1 per cent over the previous year. Net profits were 14.4 per cent higher at ¥10.03m and profits per share came to ¥29.54 against ¥25.9.

Beer shipments amounted to 2.3m kilolitres, a fall of 1.4 per cent compared with an industry average of 1 per cent, but the fall in volume sales, which was blamed on the cold summer, was offset by the price increase.

Costs were held down by the yen's appreciation, and rationalisation efforts also contributed to improvement in earnings.

In 1981-82 the full effects of last April's price rise will come through, and a substantial recovery in demand is expected. Beer shipments are forecast to increase by 4 to 5 per cent. The company also plans to market draft beer contained in 20- to 30-litre aluminium barrels, which have been already marketed by other brewers such as Asahi and Sapporo.

Sales are expected to reach ¥914bn, up 6.8 per cent and operating profits are projected at ¥48.5bn, up 14.6 per cent. Net profits are forecast at ¥21.5bn, up 13 per cent.

The company plans a one-for-five scrip issue and a public offer to increase its capital by 20m shares this July. The proceeds are to be used for ¥30bn of capital investment and for the improvement of the company's financial standing.

Malaysian Oxygen issue to raise local ownership

BY WONG SUI LONG IN KUALA LUMPUR

MALAYSIAN Oxygen Berhad (MOX), the Anglo-French industrial gas company, has sought a listing on the Kuala Lumpur stock exchange, and is offering 4.52m shares to the Malaysian public.

The shares of 1 ringgit par value would be sold at 1.7 ringgit each. Nearly half of the issue has been reserved for Bumiputera (Malays), another 13 per cent for employees, and the rest for the public. MOX said that, with these additional shares, the Malaysian equity in the company would be raised from the present 35 per cent to 45 per cent of an enlarged paid-up capital of 30.7m ringgit (U.S.\$13.5m).

The stake of British Oxygen of the UK in MOX would be reduced to 35 per cent and that of L'Air Liquide of France to 20 per cent. MOX expects to make pre-tax profits of 9.1m ringgit for the

year ending September, compared with 7.2m ringgit for 1979-80.

The company has promised a gross dividend of 18 per cent.

ISLAND AND PENINSULA, the prominent Malaysian property group, and its publicly quoted plantation subsidiary, Austral Enterprises, have announced scrip issues, following another year of encouraging results.

I and P is to make a one-for-five scrip issue to raise its paid-up capital to 36m ringgit (U.S.\$15.5m), while Austral will make a one-for-two scrip to increase its capital to 15m ringgit.

For the year ended January, I and P's pre-tax earnings were up 20 per cent to 28.0m ringgit, while Austral's pre-tax profit was marginally lower at 6.2m ringgit.

هكزا من النجيل

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / March, 1981

U.S. \$250,000,000**Export Development Corporation**

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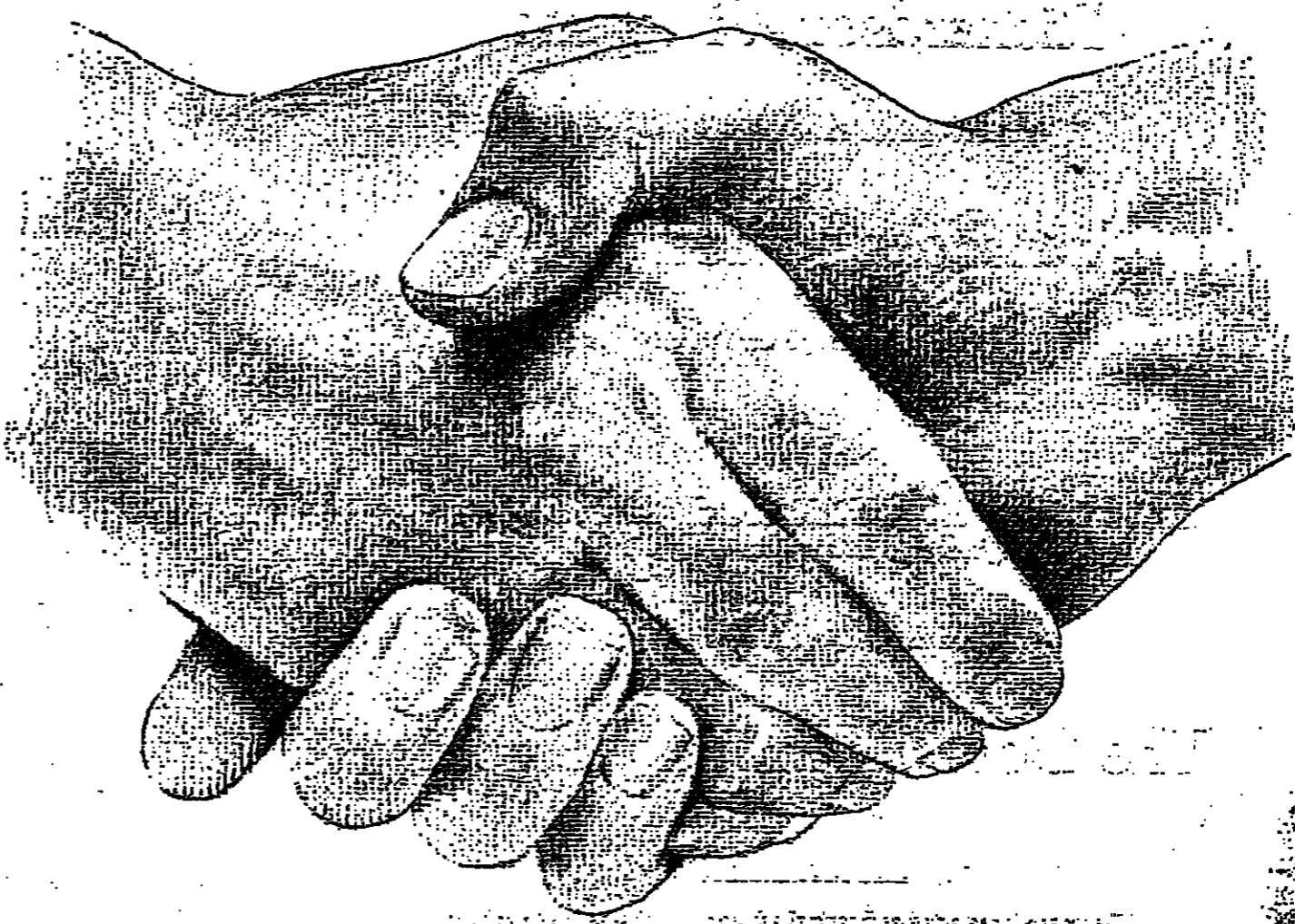
(Mandatire de Sa Majesté du chef du Canada)

14% Notes Due March 1, 1988

Interest payable March 1 and September 1

Principal and interest payable in U.S. dollars

Salomon Brothers	Wood Gundy Incorporated
Merrill Lynch White Weld Capital Markets Group	Dominion Securities Inc.
Morgan Stanley & Co.	The First Boston Corporation
Burns Fry and Timmins Inc.	Greenshields & Co Inc
Atlantic Capital	Bache Halsey Stuart Shields
Bell Gouinlock Incorporated	Blyth Eastman Paine Webber
E. F. Hutton & Company Inc.	Kidder, Peabody & Co.
Midland Doherty Inc.	Nesbitt Thomson Securities, Inc.
L. F. Rothschild, Unterberg, Towbin	Shearson Loeb Rhoades Inc.
UBS Securities Inc.	Warburg Paribas Becker
CIBC Limited	Bank of Tokyo International Limited
Caisse des Dépôts et Consignations	Dai-ichi Kangyo International Limited
Robert Fleming	Hambros Bank
New Court Securities Corporation	The Nikko Securities Co.
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	Girozentrale
	McLeod Young Weir Incorporated
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	Richardson Securities, Inc.
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